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MEETING

STATE OF CALIFORNIA

INTEGRATED WASTE MANAGEMENT BOARD

SUSTAINABILITY AND MARKET DEVELOPMENT COMMITTEE

JOE SERNA, JR., CALEPA BUILDING

1001 I STREET

2ND FLOOR

SIERRA HEARING ROOM

SACRAMENTO, CALIFORNIA

WEDNESDAY, JANUARY 10, 2007

10:11 A.M.

KATHRYN S. KENYON, CSR
CERTIFIED SHORTHAND REPORTER
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Mr. Gary Petersen, Chairperson

Ms. Rosalie Mul

Ms. Margo Reid Brown

ALSO PRESENT

Mr. Wesley Chesbro, Former Senator

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Mr. Elliot Block, Chief Counsel

Ms. Marie Carter, Staff Counsel

Ms. Deborah Balluch, Executive Assistant

Ms. Bonnie Cornwall, Supervisor, Grants & Certification
Section I

Mr. Mitch Delmage, Manager, Tire Management Branch

Ms. Kathy Frevert

Mr. Glenn Gallagher

Mr. Nate Gauff

Mr. Jerry Hart, Supervisor, Buy Recycled

Mr. Jeff Hunts, Supervisor, Electronic Waste Recycling
Section

Ms. Daisy Kong

Mr. Jim Lee, Deputy Director

Ms. Michelle Martin

APPEARANCES CONTINUED

Mr. Bill Orr, Branch Manager, Recycling Technologies

Ms. Victoria Rocha

Mr. Frank Simpson, Supervisor, Product Promotion &
Assistance Section

Mr. John Smith, Deputy Director

Ms. Lorraine Van Kekerix, Acting Deputy Director

Ms. Shirley Willd-Wagner, Manager, Electronic Waste
Recycling Branch

Mr. Calvin Young

ALSO PRESENT

Mr. Harvey Brodsky, Tire Retread Information Bureau

Ms. Donna Carlson, CRM

Mr. Mark Grover, Grover Landscape Services

Mr. Terry Leveille, TL & Associates

Mr. Mark Murray, Californians Against Waste

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1 PROCEEDINGS

2 CHAIRPERSON PETERSEN: Good morning. And welcome
3 to the California Integrated Waste Management Board's
4 Sustainability and Market Development Committee meeting.

5 As a courtesy -- you know the drill -- telephones
6 on buzz or whatever, and put them on the silent mode,
7 please.

8 As a consequence of the recent changes in Board
9 membership, there have been some temporary committee
10 assignments, at least for this month. So I would like to
11 welcome our two new temps to this committee: Chairman
12 Brown and Member Mulé.

13 And Deb, could you call the role, please.

14 EXECUTIVE ASSISTANT BALLUCH: Brown?

15 MEMBER BROWN: Here.

16 EXECUTIVE ASSISTANT BALLUCH: Mulé?

17 MEMBER MULÉ: Here.

18 EXECUTIVE ASSISTANT BALLUCH: Petersen?

19 CHAIRPERSON PETERSEN: Here.

20 Now, I would also like to introduce to all of
21 you -- who most of you already know -- Senator Wes
22 Chesbro, who's now our new member on the Board, whom I've
23 known for over 30 years. And he knows recycling. And
24 he's a grand guy and welcome, Wesley.

25 FORMER SENATOR CHESBRO: It's a pleasure to be

1 here, and it's amazing to see so many old friends in the
2 audience here. Something about the subject matter that
3 holds people. And it certainly has held me and it's
4 obviously held many of you too. So great to see you all
5 again. I'm looking forward to working --

6 CHAIRPERSON PETERSEN: As you said, you recycled
7 yourself; right?

8 FORMER SENATOR CHESBRO: That's right.

9 (Laughter.)

10 CHAIRPERSON PETERSEN: Okay. Let's see. Speaker
11 slips are at the back of the room here. If you want to
12 fill one out, please hand it to Deb.

13 Is there anybody who wishes to address the
14 committee on an item that's not on the agenda today?

15 Okay. Ex partes?

16 MEMBER MULÉ: I'm up to date, Mr. Chair.

17 MEMBER BROWN: I had a meeting with Michael
18 Blumenthal.

19 CHAIRPERSON PETERSEN: Okay. Great.

20 Well, we'll jump right into it. Lorraine, are you
21 ready for your deputy director's report? Thank you.

22 DEPUTY DIRECTOR VAN KEKERIX: Good morning, Board
23 Members.

24 I don't have any items today for you other than
25 the deputy director report. But I have a few things to

1 tell you about. First of all, Cara Morgan, the OLA branch
2 manager has returned from maternity leave, and we're very
3 thrilled to have her back.

4 (Applause.)

5 DEPUTY DIRECTOR VAN KEKERIX: It's almost as if
6 she was never gone at all. She just stepped right back in
7 and things are proceeding just like they did before she
8 left.

9 So welcome back, Cara.

10 The second item I have to report on is the State
11 Agency Annual Report. This week, the State Organization
12 and Facility Assistance Section will be notifying all
13 state agencies and facilities that the electronic
14 reporting system for state agencies, the SOARD, is
15 available for submittal of the 2006 Annual Recycling
16 Report. The annual report is required by PRC Section
17 42926, and it covers the year 2006. The annual report is
18 due on or before April 1 of 2007.

19 In a similar vein, I have an update for you on
20 jurisdiction electronic annual reports. Jurisdictions
21 have had the opportunity to enter diversion program
22 information into the electronics annual report since
23 September of 2006.

24 Staff has now obtained all the adjustment factor
25 data needed to calculate the 2005 jurisdiction diversion

1 rates. Staff is currently quality control checking the
2 data, and making sure the calculators work correctly
3 before they are made available. Once the calculators are
4 tested and working properly, staff will notify
5 jurisdictions that the complete electronics annual report
6 is available and when the 2005 annual reports are due.

7 I also have an update for you on status of
8 jurisdiction annual report -- excuse me, jurisdiction
9 biennial reviews, not the annual reports. Three biennial
10 review items were considered by the Board in December and
11 approved, bringing the total number of biennial review
12 actions for the 2003/2004 biennial review cycle to 270
13 jurisdiction biennial reviews with good programs who met
14 the diversion requirements; 25 jurisdictions that had good
15 programs were below the diversion requirements but were
16 found to have made a good faith effort; 8 additional
17 biennial reviews have been submitted to the executive
18 director as delegated actions for consideration this
19 month; and 27 more jurisdictions will be presented to
20 either the Board or executive director for approval over
21 the next several months.

22 Staff is working hard to conclude all 2003/2004
23 biennial reviews by April the 7th.

24 And lastly, I wanted to give a brief report for
25 all the jurisdictions, that are listening in, about

1 delegated actions.

2 Recently, the Board delegated several types of
3 actions related to jurisdiction waste management plans and
4 progress reviews to the Board's executive director, under
5 Board Governance Policy B09. All controversial items will
6 still come to the Board, and they will not be included in
7 the delegated actions. Delegated items include biennial
8 reviews for jurisdictions with good diversion programs
9 that are at or above their diversion requirements,
10 biennial reviews for household hazardous waste elements,
11 new base years and generation studies, regional agency
12 formation agreement, nondisposal facility element
13 amendments, and five-year review reports, and Integrated
14 Waste Management Plan approvals.

15 The benefits of delegating these items to the
16 executive director include: it saves jurisdictions' time
17 and money and not having to prepare for and travel to
18 committee or Board meetings. It reduces the time that
19 DPLA staff needs to prepare and present agenda items, and
20 allows them to provide additional assistance.
21 Additionally, it allows the Board members to focus on
22 pressing issues.

23 Staff in DPLA, the legal office, and the
24 Information Management Branch and executive office has
25 been developing a process to post the titles of these

1 delegated items and associated resolutions on the Board
2 Agenda Web Document System, or BAWDS Web page.

3 Under this new process, 11 actions will come
4 before the executive director for his consideration on or
5 after January 17th of 2007. The list of actions, deadline
6 for raising concerns, and the associated resolutions are
7 currently available on the BAWDS Web page. DPLA staff
8 would like to recognize the outstanding assistance and
9 cooperation on this project, provided by Elliot Block of
10 the legal office; Chris Allen and Roger Evans of the
11 information branch; and Sue Kumpulainen of the executive
12 office.

13 And that concludes my report. And we're very
14 pleased that we'll see you fewer times because we've got
15 these delegated times. Nothing personal.

16 CHAIRPERSON PETERSEN: Lorraine, you did a good
17 job. We'll miss you. But I have a question: Do the
18 constitutional offices report to us, on an annual basis,
19 of how they're doing on their -- is that part of what we
20 are doing here?

21 DEPUTY DIRECTOR VAN KEKERIX: We get reports from
22 state agencies and state facilities. I'm not positive
23 whether the constitutional offices are large enough to
24 require separate reports. But I can check with staff and
25 get back to you.

1 CHAIRPERSON PETERSEN: Yeah. Because maybe -- I
2 know a lot of them want to be involved. It would be
3 great.

4 DEPUTY DIRECTOR VAN KEKERIX: There are size
5 cutoffs for -- for those who have to report to us. But I
6 will find out and get back to you.

7 CHAIRPERSON PETERSEN: Great.

8 MEMBER BROWN: I would assume -- since it's
9 Secretary of State's building, we get numbers on the
10 entire building, not the Secretary of State's Office
11 individually; and same with the AG. We can always offer
12 them the option.

13 DEPUTY DIRECTOR VAN KEKERIX: Their departments
14 are required.

15 MEMBER BROWN: So we'll get a full building
16 report.

17 DEPUTY DIRECTOR VAN KEKERIX: Right.

18 CHAIRPERSON PETERSEN: Okay.

19 MEMBER BROWN: Maybe what we can do is send them a
20 packet of information regarding the program and the
21 requirements under AB 75, so that they are fully aware
22 that their building is tracking all that information, and
23 encourage them or offer our assistance in encouraging them
24 to go above and beyond what the state requirement is. And
25 then you can meet with them.

1 CHAIRPERSON PETERSEN: A grand idea. Okay.

2 DEPUTY DIRECTOR VAN KEKERIX: Thank you.

3 MEMBER MULÉ: Excuse me, Lorraine. I just have a
4 question on the annual reports. You stated that the
5 annual reports that are being prepared right now are for
6 2005?

7 DEPUTY DIRECTOR VAN KEKERIX: For the
8 jurisdictions, that is correct. They -- we have made the
9 electronics annual report available to them to enter all
10 their program updates.

11 MEMBER MULÉ: Right.

12 DEPUTY DIRECTOR VAN KEKERIX: And we're just about
13 ready to release the diversion rate calculator portion.

14 MEMBER MULÉ: Right.

15 DEPUTY DIRECTOR VAN KEKERIX: And when we do that,
16 then we'll set the due date for the annual reports.

17 MEMBER MULÉ: But it is for 2005?

18 DEPUTY DIRECTOR VAN KEKERIX: Right.

19 MEMBER MULÉ: So basically we're looking at
20 information from two years ago.

21 DEPUTY DIRECTOR VAN KEKERIX: Correct.

22 MEMBER MULÉ: Okay. Thank you. I just wanted to
23 clarify.

24 DEPUTY DIRECTOR VAN KEKERIX: Right. The
25 adjustment factor data was not available until late

1 December.

2 FORMER SENATOR CHESBRO: Right.

3 DEPUTY DIRECTOR VAN KEKERIX: And that's what
4 drives the delay.

5 MEMBER MULÉ: Right. And that's one of the
6 reasons why we've been looking at alternative compliance
7 options.

8 Okay. Thank you.

9 MEMBER BROWN: One other question, and this may be
10 a question for legal, something that was brought up.

11 You mentioned that once the jurisdictions that
12 have their biennial review decided by the executive
13 director, a resolution is prepared? Or would it be, like,
14 an executive order, an executive director's order posted?
15 Because resolutions are what the Board passes at our
16 meetings. So would it be a different kind of document?

17 CHIEF COUNSEL BLOCK: It's similar, but different
18 yeah. We have developed, essentially, an executive
19 director resolution. We're using the terminology and
20 using the BAWDS system so that they -- so that staff can
21 continue to use that same electronic system. And it's
22 easily searchable and usable through the Web site. So we
23 are using the term resolution. That the body of the
24 resolution actually has some specific changes to indicate
25 that it's the executive director, through delegation from

1 the Board, doing that review.

2 MEMBER BROWN: Okay. Thank you.

3 DEPUTY DIRECTOR VAN KEKERIX: Just to amplify a
4 little bit, we needed to maintain the same system for
5 tracking jurisdictions rather than having to develop a
6 whole new database. And we've always done it through the
7 resolution process. So Elliot was creative and came up
8 with this new option.

9 MEMBER BROWN: Creativity. That's a new one.
10 Thank you.

11 I appreciate that. Very good. That's why we like
12 Elliot.

13 CHAIRPERSON PETERSEN: Thanks, Lorraine.

14 All right. Jim, Special Waste Report.

15 DEPUTY DIRECTOR LEE: Chairman Petersen, I don't
16 have any items on my deputy director report to share with
17 you this morning. So I'm ready to initiate presentation
18 of the items at your pleasure.

19 CHAIRPERSON PETERSEN: We're ready. How about
20 Item B?

21 DEPUTY DIRECTOR LEE: First of all, again, good
22 morning, Chairman Petersen, Board Members. A special
23 welcome to new Board Member Chesbro. My name is Jim Lee,
24 deputy director for the Special Waste Division.

25 //

1 (Thereupon an overhead presentation was
2 presented as follows.)

3 DEPUTY DIRECTOR LEE: Committee Item B, Board Item
4 8, is Consideration of the Scoring Criteria and Evaluation
5 Process for a Joint Solicitation of the Used Oil Nonprofit
6 Grant Program and the Used Oil Research, Testing, and
7 Demonstration Grant Program.

8 A percentage of available used oil funds is
9 statutorily prescribed to be utilized for competitive
10 grants, for used oil collection and recycling, and to
11 supplement the core funds made available to local
12 jurisdictions through the block grant program.

13 There are three competitive grant programs: the
14 opportunity; nonprofit; and research, testing, and
15 demonstration.

16 --o0o--

17 DEPUTY DIRECTOR LEE: Competitive grants are an
18 integral component of our overall used oil program.
19 Pursuant to Board policy, these competitive grants are
20 made available on an alternating yearly basis.

21 The opportunity grant was awarded last year. The
22 nonprofit and research testing and demonstration grants
23 are proposed to be made available this year, utilizing the
24 criteria you have before you.

25 In December, this item was heard by the Special

1 Waste Committee, which directed some revisions.

2 To reflect the Special Waste Committee direction,
3 the agenda item criteria has been revised to increase
4 maximum potential individual grant awards and to reflect a
5 primary and explicit focus on used oil filter collection.

6 Staff would note and acknowledge the desirability
7 of an oil filter collection focus, given that oil filter
8 collection rates at less than 10 percent compare
9 unfavorably with do-it-yourself oil collection rates,
10 which approach 80 percent, by some estimates.

11 Before I turn to Glenn Gallagher, of my staff, who
12 will review with you the specific revision, I want you to
13 note that this agenda item is requesting approval of the
14 grant criteria alone. Staff is proposing that the
15 discussion of the total amount of funds proposed to be
16 made available for this grant program cycle be deferred to
17 the February Board meeting.

18 At that time, staff will be coming forward with
19 the annual used oil allocation item reflecting on all
20 proposed expenditures, both discretionary and
21 non-discretionary from the used oil fund.

22 We will also be bringing forward a companion item
23 to review previous Board policy and explore -- and explore
24 Board funding options for used oil competitive grants.

25 With that, I will now ask Glenn Gallagher to make

1 the remainder of the staff presentation.

2 MR. GALLAGHER: Thank you. Good morning,
3 Committee Chair Petersen and Committee Members.

4 CHAIRPERSON PETERSEN: Good morning.

5 MR. GALLAGHER: My name is Glenn Gallagher. And
6 I'm a grant manager with the Used Oil Program.

7 I will make my remarks brief, because Jim Lee did
8 such a good job of summing up with what this grant is
9 about.

10 I will be presenting the scoring criteria and the
11 evaluation process for the Used Oil Nonprofit Grant
12 Program, Seventh Cycle, Fiscal Year 2006/07, and the Used
13 Oil Research Testing and Demonstration Grant Program,
14 Fifth Cycle, Fiscal Year 2006/2007.

15 Next slide.

16 --o0o--

17 MR. GALLAGHER: As Jim stated, the focus on the
18 Nonprofit Grant Program is strictly oil filter collection
19 activities. And these will be the eligible projects
20 allowed, with a maximum grant award of 300,000.

21 --o0o--

22 MR. GALLAGHER: The research testing and
23 demonstration grant eligible projects also have -- third
24 slide -- also have an oil filter collection emphasis. And
25 in addition to help promote the use of rerefined oil,

1 projects with rerefined oil for fleet use will be eligible
2 and performance standards for rerefined oil.

3 --o0o--

4 MR. GALLAGHER: Again, maximum grant award of
5 300,000.

6 Scoring the grants. There will be no preference
7 points or bonus points. Instead, there will be eligible
8 or non-eligible grant projects. A minimum of 75 percent
9 of the points will be required to be considered for
10 funding. And there will be no separate categories for
11 funding. This would really apply to the R&D grant. There
12 will be no separate categories for funding. In other
13 words, they will all be compared to each other, and they
14 will be scored and awarded from highest to lower, until we
15 run out of funds.

16 --o0o--

17 MR. GALLAGHER: The time line is a short time
18 line. We expect to get the applications out on the street
19 within two weeks; award the grants in June; and the grant
20 term will run from September 2007 through 2010.

21 --o0o--

22 MR. GALLAGHER: Staff recommends approving Option
23 1 and adopting Resolution Number 2007-8.

24 Thank you. Are there any questions?

25 CHAIRPERSON PETERSEN: Members have any questions?

1 I do. On the nonprofit on the -- is this thing
2 working? When the nonprofits, when they partner with a
3 local jurisdiction -- and that's as part of a block grant;
4 is that correct?

5 MR. GALLAGHER: Yes. We're requesting that the
6 nonprofits partner -- really more maximum project
7 potential -- we're requesting that they partner with a
8 jurisdiction that has a block grant; correct?

9 CHAIRPERSON PETERSEN: But the staff has come
10 up -- it's not a regulation or anything like that?

11 MR. GALLAGHER: In fact, they don't have to. Just
12 for maximum effectiveness.

13 CHAIRPERSON PETERSEN: What if we -- I'm just
14 thinking more, not locally, but maybe regionally or
15 statewide, what if a nonprofit or a major retailer wanted
16 to do something on a statewide basis. Like I said,
17 parting with a CC -- are the CCs in a huge collection
18 program? Would you consider that?

19 MR. GALLAGHER: Yeah. Absolutely. We would
20 welcome that.

21 CHAIRPERSON PETERSEN: Okay. Great.

22 On the -- also on the distribution of the funds,
23 geographically, so that's north/south -- how's that?

24 MR. GALLAGHER: Because of a specific statute
25 language, we do not have a north/south split. That's

1 delegated; is that correct? Maybe I should defer to
2 legal.

3 MEMBER BROWN: Page 8-5 says that there's an
4 exemption for this program; is that correct?

5 GRANTS & CERTIFICATION SECTION I SUPERVISOR CORNWALL:
6 Yes. And primarily because the nonprofits -- Bonnie
7 Cornwall. I'm the acting branch manager. The nonprofits
8 and the projects aren't necessarily evenly distributed
9 across the state. So it doesn't seem fair to apply that
10 same standard as we would when we have all local
11 governments participating.

12 CHAIRPERSON PETERSEN: Right. Okay. Great.
13 Thank you, Glenn.

14 FORMER SENATOR CHESBRO: Mind if I ask a question?

15 CHAIRPERSON PETERSEN: Oh.

16 FORMER SENATOR CHESBRO: Is there any
17 consideration for making sure that the -- that small
18 jurisdictions and rural jurisdictions have -- are
19 competitive and it doesn't just go where the volume is?

20 GRANTS & CERTIFICATION SECTION I SUPERVISOR CORNWALL:
21 In this particular program, in contrast to the household
22 hazardous waste program that we also manage, there's not a
23 statutory priority given. However, we do put a great deal
24 of emphasis on the determination and identification of
25 need. And so it's in that way that the small

1 jurisdictions are very competitive. If you look,
2 historically, at the jurisdictions in the programs funded,
3 the rurals and the smaller jurisdictions have faired very
4 well through this program.

5 CHAIRPERSON PETERSEN: Glenn, one more question,
6 please.

7 It says here the group must partner with a local
8 jurisdiction?

9 MR. GALLAGHER: Yes. Okay. Yes. That is a
10 requirement. Essentially -- as you know, nonprofit groups
11 can't get a lot done with used oil recycling programs
12 unless they do work with the local government.

13 CHAIRPERSON PETERSEN: Or a business?

14 MR. GALLAGHER: They can also partner with a
15 business. We would probably interpret that to mean, they
16 must partner with an entity that can allow them to do the
17 most work.

18 CHAIRPERSON PETERSEN: So it could be beyond local
19 jurisdiction?

20 MR. GALLAGHER: Correct.

21 CHAIRPERSON PETERSEN: So can we get clarification
22 on this?

23 DEPUTY DIRECTOR LEE: We can defer to legal on
24 this. Again, it's been our understanding that again
25 it's -- it's a necessity, a prerequisite, for them to

1 partner with the local jurisdiction.

2 But let me ask for a legal clarification on that
3 point.

4 STAFF COUNSEL CARTER: Marie Carter, staff
5 counsel.

6 CHAIRPERSON PETERSEN: Good morning.

7 STAFF COUNSEL CARTER: Actually, we were just
8 looking at that issue right now, as you were discussing
9 it. But what I would -- we would like to do is come back
10 at the Board meeting and identify that issue as to whether
11 it can be expanded.

12 What I can do is send a memo to all the Board
13 members, make it available on BAWDS, so we can address it
14 specifically. Or we can defer this matter later in the
15 committee. And I can go up and doublecheck.

16 CHAIRPERSON PETERSEN: It would be fine at the
17 Board meeting. That would be great. If we could do that,
18 that would be great. Thank you.

19 I think that's all the questions I have.

20 Anybody else?

21 MEMBER MULÉ: Mr. Chair, I would like to move
22 Resolution 2007-8.

23 MEMBER BROWN: Second.

24 CHAIRPERSON PETERSEN: Deb, call the roll, please.

25 EXECUTIVE ASSISTANT BALLUCH: Brown?

1 MEMBER BROWN: Aye.

2 EXECUTIVE ASSISTANT BALLUCH: Mulé?

3 MEMBER MULÉ: Aye.

4 EXECUTIVE ASSISTANT BALLUCH: Petersen?

5 CHAIRPERSON PETERSEN: Aye.

6 And that's on consent, pending our clarification;
7 correct?

8 CHIEF COUNSEL BLOCK: Yes.

9 DEPUTY DIRECTOR LEE: Thank you, Chairman
10 Petersen.

11 Committee Item C, Board Item 9, is Consideration
12 of the Grant Awards for the Tire-Derived Product Grant
13 Program.

14 I will ask Michelle Martin to make the staff
15 presentation.

16 (Thereupon an overhead presentation was
17 presented as follows.)

18 MS. MARTIN: Good morning, Chairman Petersen and
19 Committee Members. I'm Michelle Martin with the Product
20 Promotion and Assistance Section. This presentation is
21 for Committee Item C, Agenda Item 9, Consideration of the
22 Grant Awards for the Tire-Derived Product Grant Program
23 for Fiscal Year 2006/2007.

24 --o0o--

25 MS. MARTIN: The Tire-Derived Grant Program

1 provides grants to local government entities for projects
2 purchasing tire-derived products, such as sports
3 servicing, sidewalks, weed abatement covers, mulch, sound
4 barriers, and traffic safety products. The five-year plan
5 allocates 2.4 million to the grant program, up to a
6 maximum of a hundred thousand per applicant.

7 Applicants must have met all the eligibility
8 requirements, had an eligible project, and indicated they
9 would divert a minimum of 2500 California waste tires.
10 Awarded applicants will be reimbursed the actual cost per
11 tire for every tire diverted by the project, up to a
12 maximum of either five or \$7 per tire.

13 Based on the information provided on the
14 application, applicants were divided into four different
15 priority categories. Highest priority was given to those
16 that had not received a grant in the past two years, and
17 the cost per tire was under \$5.

18 --o0o--

19 MS. MARTIN: A random selection process was held
20 on December 6, 2006, to determine what applicants would
21 receive funding and in which order. The Board received 88
22 applications: 14 applications were disqualified; 74
23 remaining applications were evaluated according to the
24 evaluation process approved by the Board, totaling
25 \$4,264,428.

1 As a result of the random selection process, 43
2 applications are being recommended for full funding,
3 totaling \$2,369,368.

4 Thirty-one applications totaling \$1,895,060 will
5 be recommended for the February 2007 reallocation of tire
6 recycling management funds item. Staff recommends that
7 the Board approves Option 1, consideration of the Grant
8 Awards for the Tire-Derived Product Grant Program for
9 fiscal year 2006 and 2007, and adopt Resolution No.
10 2007-09.

11 This concludes my presentation.

12 Are there any questions?

13 CHAIRPERSON PETERSEN: Questions? Member Mulé?

14 MEMBER BROWN: Minor question. And Jim
15 probably -- Michelle, you may know the answer to this.
16 What was the -- I'm having an Alzheimer's moment, the
17 actually amount of money funded after reallocation for
18 this program last year? Were we near 4 million?

19 DEPUTY DIRECTOR LEE: I think we funded -- the
20 Board funded, I think, over \$4 million total in that grant
21 program last year. And I think we have about an
22 equivalent.

23 MEMBER BROWN: We have about the same amount --

24 DEPUTY DIRECTOR LEE: Yes.

25 MEMBER BROWN: -- with a reduced match. The

1 information on the survey that you provided was very
2 helpful. Thank you very much.

3 I was just curious, because we had such angst
4 going back and forth over reducing the per tire equivalent
5 and ranking and how we try and get new people into this
6 program and don't oversubscribe. And we're still at over
7 or nearly \$4 million of people that want to continue to
8 use the product.

9 So --

10 MS. MARTIN: Last year, it was a little over
11 4.1 million.

12 MEMBER BROWN: Right. Thank you, Michelle.

13 CHAIRPERSON PETERSEN: So things seem to be
14 working.

15 MEMBER BROWN: Yeah.

16 CHAIRPERSON PETERSEN: Okay.

17 MEMBER MULÉ: And just one comment or question. I
18 just want to verify, we reduced the cost per tire in this
19 particular grant program from, I think it was \$25 plus a
20 tire when I first came to the Board --

21 MS. MARTIN: There wasn't an actual cap on the
22 cost per tire. But the averages that we had were a lot
23 over what they are now. They were even up to fifty
24 dollars.

25 MEMBER MULÉ: We ratcheted down little bit by

1 little, so we are now down to \$5 or \$7 per tire. So we
2 can even improve upon that, hopefully, for next year.

3 DEPUTY DIRECTOR LEE: That is what the data would
4 suggest, Ms. Mulé.

5 MEMBER MULÉ: Thank you.

6 MEMBER BROWN: Actually -- I'm sorry.

7 Do we have a percentage -- and I know we probably
8 can't know the exact figure per grantee -- but maybe by
9 the Board or just an e-mail follow-up -- how many
10 applicants applied at the \$5 level and how many at the \$7
11 level, because I know that all of the criteria -- you were
12 eligible, and there was just a certain priority ranking in
13 the funding.

14 MS. MARTIN: I actually have that. 66
15 applications were \$5 or less. And eight were 7 or less.

16 MEMBER BROWN: Phenomenal. Great.

17 Thank you.

18 CHAIRPERSON PETERSEN: That's good stuff. Okay.

19 Do I hear a motion?

20 MEMBER MULÉ: I would like to move Resolution
21 2007-09.

22 MEMBER BROWN: Second.

23 CHAIRPERSON PETERSEN: Deb?

24 EXECUTIVE ASSISTANT BALLUCH: Brown?

25 MEMBER BROWN: Aye.

1 EXECUTIVE ASSISTANT BALLUCH: Mulé?

2 MEMBER MULÉ: Aye.

3 EXECUTIVE ASSISTANT BALLUCH: Petersen?

4 CHAIRPERSON PETERSEN: Aye.

5 And we will move that to consent.

6 DEPUTY DIRECTOR LEE: Thank you, Chairman
7 Petersen.

8 CHAIRPERSON PETERSEN: Physical consent, sorry.

9 MEMBER BROWN: Fiscal.

10 CHAIRPERSON PETERSEN: That too. I am physical.
11 Okay. Keep going, Jim.

12 DEPUTY DIRECTOR LEE: Okay. Committee Item D,
13 Board Item 10, is Consideration of Contractor for the Tire
14 Retread Targeted Outreach Materials and Promotional
15 Training Contract.

16 The Committee may recall, this was an item that
17 came forward as part of the reallocation process last year
18 and met with the Board's support and approval to implement
19 that directive. We went out with an RFP. And this item
20 is to propose the contractor for that grant award. I will
21 turn it over to Victoria Rocha of my staff to make the
22 staff presentation.

23 MS. ROCHA: Good morning, Chairman Petersen and
24 Committee members and welcome Wesley Chesbro.

25 CHAIRPERSON PETERSEN: Good morning.

1 MS. ROCHA: I am Victoria Rocha with the Special
2 Waste Division.

3 At the May 2006 Board meeting, Board members asked
4 staff to consider funding for an outreach training program
5 to inform local governments about the safety and cost
6 effectiveness of retread tires for their fleets. At the
7 July 2006 Board meeting, Board approved the scope of work
8 and the resolution for the tire retreaded targeted
9 outreach materials and promotional training contract.

10 The scope of work will include: one, a survey to
11 determine an estimated baseline for the purchase rate of
12 the retreaded tires by public sector fleets; two, prepare
13 a list of target promotional training; three, develop and
14 provide a technically-based scripts and story boards for
15 two DVDs consisting of economic and environmental
16 benefits; four, write and produce master copies of the
17 DVD; five, provide training using DVDs and other technical
18 material; six, prepare an interim report regarding the
19 outreach efforts; seven, conduct a survey to determine the
20 increase in purchase of retreaded tires by public sector,
21 fleets resulting from the outreach efforts; and lastly,
22 the contractor will prepare a final report regarding the
23 outreach efforts and survey.

24 We went through the request for proposal process
25 and successfully selected a contractor, Harvey Brodsky,

1 with the Tire Retread Information Bureau, which I would
2 like to introduce you to Harvey. He's right here.

3 Staff recommends that the Board approve Resolution
4 2007-10 for the Tire Retread Information Bureau as the
5 contractor.

6 And this concludes my presentation.

7 CHAIRPERSON PETERSEN: Thank you very much. Any
8 questions?

9 We have one speaker, Harvey Brodsky.

10 MR. BRODSKY: Good morning, Chairman Petersen;
11 good morning, Board. Thank you very much for your
12 consideration.

13 I am happy to be here. And I am looking forward
14 to doing a bang-up job on behalf of the Tire Retread
15 Information Bureau and all the citizens in the state of
16 California, of which I'm one. So let's hope that we see a
17 great increase in the use of retreaded tires.

18 Thanks again.

19 CHAIRPERSON PETERSEN: Thank you.

20 Okay. And do I hear a motion?

21 MEMBER MULÉ: I will move Resolution 2007-10.

22 MEMBER BROWN: Second.

23 CHAIRPERSON PETERSEN: Deb?

24 EXECUTIVE ASSISTANT BALLUCH: Brown?

25 MEMBER BROWN: Aye.

1 EXECUTIVE ASSISTANT BALLUCH: Mulé?

2 MEMBER MULÉ: Aye.

3 EXECUTIVE ASSISTANT BALLUCH: Petersen?

4 CHAIRPERSON PETERSEN: Aye.

5 Fiscal consent.

6 DEPUTY DIRECTOR LEE: Thank you, Chairman
7 Petersen.

8 Committee Item E, Board Item 11, is Consideration
9 of Grant Awards for the Targeted Rubberized Asphalt
10 Concrete Incentive Grant Program.

11 The Committee will please note that we've handed
12 out a revised agenda item. But staff has incorrectly
13 located it as Agenda Item 4. It should be Agenda Item 11.

14 With that correction, I will now ask Nate to come
15 give you the specifics on the projects proposed for grant
16 award this month.

17 MR. GAUFF: Good morning. Happy New Year.

18 CHAIRPERSON PETERSEN: Happy New Year, Nate.

19 MR. GAUFF: This is, I believe, the
20 fifth iteration of grant awards for the fiscal year for
21 this program. We have three grants that we're
22 recommending for award, for a total of 550,000.

23 The applicants are El Dorado County, in the amount
24 of 200,000; City of Santa Maria in the amount of 200,000;
25 the City of La Habra in the amount of 150,000.

1 Are there any questions?

2 CHAIRPERSON PETERSEN: Are there any questions?

3 You got off easy. I don't have any questions.

4 Do we have a motion?

5 MEMBER MULÉ: I will move Resolution 2007-11

6 Revised.

7 CHAIRPERSON PETERSEN: Do I hear a second?

8 MEMBER BROWN: Sorry. Distracted. Second.

9 CHAIRPERSON PETERSEN: Deb?

10 EXECUTIVE ASSISTANT BALLUCH: Brown?

11 MEMBER BROWN: Aye.

12 EXECUTIVE ASSISTANT BALLUCH: Mulé?

13 MEMBER MULÉ: Aye.

14 EXECUTIVE ASSISTANT BALLUCH: Petersen.

15 CHAIRPERSON PETERSEN: Aye.

16 And physical consent.

17 (Laughter.)

18 CHAIRPERSON PETERSEN: Okay, Jim. Keep going.

19 DEPUTY DIRECTOR LEE: Practice makes perfect.

20 Thank you, Chairman Petersen. Committee Item F,

21 Board Item 12, is Consideration of Revision of Applicant

22 Eligibility and Evaluation Process for the Tire-Derived

23 Product Business Assistance Program.

24 The Business Assistance Program is the successor

25 program to the Tire Commercialization Program. It is

1 specifically designed in response to Board direction to
2 address some of the perceived problems with the
3 commercialization program; specifically, to provide
4 targeted assistance focusing on business development
5 services, to provide for more fiscal oversight and
6 scrutiny as part of the application process to improve the
7 cost effectiveness of the program; and to place a stronger
8 emphasis on accountability for results.

9 Criteria for this program were approved by the
10 Board in January. A contract was approved for consulting
11 services in February. And grant awards were made in
12 August.

13 As part of the review and approval process for
14 this grant program, staff advised and assured the Board
15 that there would be ongoing evaluation and oversight with
16 revisions and adjustments proposed as necessary.

17 To that end, this item is a response to that
18 commitment and reflects staff's proposals for interim
19 adjustments to the program to be reflected in the next
20 grant cycle. Staff's recommendations have been developed
21 over the course of many months, as the implementation of
22 this inaugural grant cycle has proceeded. There have been
23 an unprecedented number of stakeholder meetings and
24 workshops held to discuss this program and staff's
25 proposal, and other elements of the Board's Five-Year Plan

1 efforts.

2 However, staff and the Board have recently
3 received correspondence which suggests that there are some
4 stakeholders which feel outreach and consultations program
5 have been inadequate, despite staff's best attempts.

6 We welcome the opportunity to discuss these
7 concerns in conjunction with a presentation of this agenda
8 item so that we may all better understand and respond to
9 concerns and see that they are properly reflected in the
10 program, going forward.

11 With that, I will now ask Frank Simpson to make
12 the remainder of the staff presentation.

13 PRODUCT PROMOTION & ASSISTANCE SECTION

14 SUPERVISOR SIMPSON: Chair Petersen, Committee Members,
15 Senator. Good morning. I'm Frank Simpson with the
16 Product Promotion and Assistance Section. Calvin has a
17 sore throat -- he's in the back of the room -- so I'm
18 going to be presenting for him today.

19 Item F is Consideration of Revision of the
20 Applicant Eligibility and Evaluation Process for the
21 Tire-Derived Product Business Assistance Program.

22 Staff has contacted several active stakeholders to
23 solicit feedback on these items, and we will include their
24 comments.

25 The recommended changes are either minor technical

1 changes or changes to promote an equitable process. I
2 will go over a few items that have generated some
3 comments.

4 Due to an oversight, qualifying California Indian
5 tribes were not included in the original application.
6 Staff believes that this should be corrected to be
7 equitable and consistent with other Board programs. We
8 did receive feedback that allowed Indian tribes to
9 participate in the Business Assistance Program as a
10 private entity, but that would create an unfair advantage.
11 This is because they are also eligible under the
12 Tire-Derived Product Group Program as a public entity.

13 Staff appreciates the comment, and we support the
14 inclusion of qualifying California Indian tribes as an
15 eligible applicant.

16 There also have been comments received surrounding
17 the term and definition of "force majeure." This is
18 boiler plate language, according to staff, and it's in
19 every contract and grant that we have at the Board.

20 To avoid any confusion, however, we are agreeable
21 to revise this criteria language to consider, "allow PTE
22 estimates in cases of extraordinary circumstances outside
23 the control of the applicant," rather than, "allow PTE
24 estimates in cases of force majeure."

25 The language on Page 12-2 describing this proposed

1 criteria revision could be further revised to define the
2 circumstances under which this exemption might be granted
3 as follows: "Such circumstances might include, but not be
4 limited to, an act of God, weather, accidents, labor
5 strike, fire, explosion, riot, war, rebellion, sabotage,
6 flood, or other contingencies unforeseen by the applicant,
7 its contractors, vendors, subcontractors, and beyond
8 reasonable control of such party.

9 Finally, while there does not appear to be any
10 concerns with allowing prior grantees that receive less
11 than the maximum to apply for a second BAP grant within 12
12 months, some questions were raised about regarding giving
13 these grantees priority funding consideration. Now,
14 according to the Board's legal office, there is no legal
15 reason that the Board cannot do this.

16 The Board gives preferences to particular
17 categories of grantees or the grant projects all the time.
18 The question is one of policy as to whether or not the
19 Board wants to give priority to these grantees under the
20 circumstances in this grant program.

21 In summary, staff recommends that the Committee
22 approve this item for full Board approval, approve
23 resolution 2006-220.

24 And we'll be glad to take any questions.

25 CHAIRPERSON PETERSEN: Do we have any questions?

1 MEMBER BROWN: Yeah. I have a couple questions
2 and a couple comments. And I appreciate all of the work
3 that staff has put into the program, as it's ongoing. And
4 I'm just not sure -- I think some of these things maybe
5 boilerplate, maybe, you know, easy. You know, the
6 California tribes -- I don't have a problem with including
7 the California tribes.

8 But I'm not sure that we're ready to tweak the
9 program for the next cycle until we've got a sure footing
10 of where we are right now. And one thing that I -- I
11 would be very interested in, is hearing from the
12 contractor on the first phase of the evaluation and
13 assessments that they did of the businesses. I know they
14 did 19 assessments in a very short timeframe. And it was
15 done last summer, so the information isn't particularly
16 timely. But I think that a major part of the development
17 of this program was to really find out and assess the
18 markets -- where they are and the businesses. And I think
19 that's a critical part in looking at where we put our
20 priorities in moving this program forward.

21 And so I would like to see, before we make any
22 final determinations on a program moving forward, if we
23 could get an assessment from the contractor of the
24 healthiness of the industry or where the -- and not
25 company by company, but more as an industry as a whole,

1 where their assessment was. So I would like to direct
2 staff to actually work with a contractor on putting
3 forward a presentation for, probably, the March meeting,
4 you know, with technical data, before I would be
5 comfortable moving this item along and tweaking the
6 program. And I apologize for not bringing that up
7 earlier.

8 I just -- as reading through it, a lot of it is
9 boilerplate. But we may want to make some more tweaks;
10 and I would rather do it all encompassing. So that would
11 be my comment/question kind of thing.

12 DEPUTY DIRECTOR LEE: I understand the concerns
13 you are expressing there, Madam Chair. And I concur with
14 the approach that you are recommending.

15 As I tried to allude to in my opening remarks, the
16 program has been approved. It's ongoing. We -- the staff
17 shares -- you know, we're vested to see and get some
18 additional experience under our belt. You know, with
19 regards to how the program -- we have high hopes and
20 expectations for this program. And like I said, we are
21 waiting to see how the data shakes out and how it's
22 actually working out there.

23 So again, as I said, this is -- the revisions
24 we're talking about are minor. They were things that
25 would be nice. They are not essential in order to

1 continue with the program as we have it.

2 MEMBER BROWN: Right.

3 DEPUTY DIRECTOR LEE: We can use this time as you
4 have directed, again, to collect the information and
5 present it back for further consideration, in March.

6 MEMBER BROWN: Well, and we don't want to get too
7 many things rolled up in the same ball of wax. But we've
8 got the Five-Year Tire Plan that's ongoing for
9 evaluations, and an interested parties' meeting on that,
10 next Thursday.

11 So you know, I would like to look at the Five-Year
12 Tire plan and how it's developing and what's coming
13 forward on how we want to prioritize and focus the
14 Business Assistance Program as well.

15 MEMBER MULÉ: I just want to say, thank you, Madam
16 Chair. I agree with your recommendation.

17 Last year, when we had this discussion -- it was
18 just about a year ago. I clearly recall other Board
19 members, who are no longer here, saying that this is a new
20 program and we are charting new territory, so to speak.
21 And that we all understood that because it was a new
22 program that we would -- review it on an ongoing basis and
23 provide ourselves with the opportunity to tweak it as we
24 felt we needed. So I think that this is an appropriate
25 time to do that.

1 I did have an opportunity to meet with our
2 consultant and talk extensively about the business
3 assessments that were conducted. And so I think it would
4 be helpful for all of us to hear a little bit more about
5 that, as a Board. So those are my comments.

6 Thank you, Mr. Chair.

7 CHAIRPERSON PETERSEN: Is it the Committee's
8 pleasure that we take the testimony since there are people
9 here today?

10 MEMBER MULÉ: Yes.

11 MEMBER BROWN: Absolutely.

12 CHAIRPERSON PETERSEN: Great. Okay. I understand
13 also there's been some recent criticism of the program.
14 And we want to hear everybody's concerns.

15 However, the appropriate venue for this is at the
16 Five-Year Plan and the details worked out there. However,
17 we would like to hear what's going -- what you have to say
18 today. But we would like to keep it brief. We know that
19 we have scheduled, as Member Brown has said, the Five-Year
20 Plan for next Thursday, January 19th. And so with that,
21 hope you keep that in mind.

22 And our first speaker is Donna Carlson.

23 MS. CARLSON: Good morning, Mr. Chairman and
24 Ms. Mulé and Ms. Brown and a very old friend of mine. We
25 had the opportunity to meet when I was working for a RAC

1 contractor. We call it asphalt rubber everywhere else.

2 But California is RAC.

3 And Thousand Oaks put down one of the first
4 municipal jobs. And the Board came down. We were all
5 there, celebrated, and I'm so proud that that city is now,
6 actually, utilizing more waste tires than they generate,
7 far more. So that's great, a great thing for somebody
8 who's been in the field, as I have.

9 I have the -- submitted to you the written
10 testimony for the statement. If you want me to forego the
11 niceties -- the nice things I would like to say -- like
12 thanking you on behalf of CRM, who happens to be the
13 largest crumb rubber producer in the nation today; and
14 CRM -- were started here in California and has been the
15 recipient of several grants of this Board. And I'm very
16 grateful, because those grants have helped CRM to succeed,
17 not only in California, but starting in new areas of the
18 country. And that makes me very pleased.

19 Aside from those grants, other Board programs have
20 been directly responsible for the advancement of the RAC
21 projects at Caltrans and with the local governments. And
22 that's -- that's one that's near and dear to my heart,
23 because as the former executive director of the Rubber
24 Pavement Association, I was really thrilled to see that
25 program coming into being. Because I think it does so

1 much more than anything that any other program, that
2 individuals, nonprofits, can do. And it has been a great
3 success. And of course, we're delighted that we've
4 supplied a great deal of that crumb rubber going into
5 those projects.

6 We do have some reservations about -- you know,
7 we're applauding you for trying these new things. But we
8 also have some reservations. And I think we need to look
9 at the big picture here. And I agree with what just took
10 place, that the Board would have liked to take another
11 look at some of these issues in more detail than we've had
12 to date.

13 So one issue concerns -- the appearance and it's a
14 conflict of interest. And this has been raised by other
15 people than CRM -- the Californians Against Waste. I
16 believe we're on record, when they asked for a delay of
17 these agenda items the last time.

18 Our concern is that the R.W. Beck Company, who is
19 your contractor, on the Business Assistance Program, is
20 the recipient of funding for their own recommendations.
21 And those recommendations are predetermined without any
22 input from the stakeholder they are affecting.

23 So with that, I will skip right to this particular
24 agenda item, which is Agenda Item F, that deals with the
25 Indian reservations and suggested changes for the second

1 cycle. We have two questions that we want to ask: If
2 this program allows qualifying California Indian tribes to
3 be eligible to receive grants, are they subject to the
4 same scrutiny as other companies? The scrutiny on the
5 application I filled out and the -- I did a lot of work on
6 that. That was a very tough one; a lot of questions, that
7 have never been asked of companies receiving grants from
8 this Board, were asked. A lot of information was
9 submitted that has never been required in the past.

10 But will they be subject to having to submit their
11 financial statements, other confidential material, sign an
12 annual adjustment, environmental justice forms and other
13 forms that we have to submit when we apply for the grant?

14 If they aren't subject to the same requirements as
15 the other private companies, then there is a definite need
16 to reexamine the program.

17 On another issue, we request the proposal to allow
18 PTE estimates in case of the force majeure. That is, we
19 need a clear definition: What is an extraordinary
20 circumstance? Is it simply fire? Is that an
21 extraordinary circumstance? There is no clarification as
22 to what brought on that fire.

23 For example, if there is a fire at a plant due to
24 faulty wiring or negligence on the part of the owner or
25 operator, would that qualify as an extraordinary

1 circumstance?

2 Further, we question the whole concept of
3 estimating PTEs. What should be objective reporting
4 requirement now becomes a totally subjective exercise. So
5 I thank you for the opportunity to discuss this particular
6 issue.

7 I will stop here and answer any questions you may
8 have.

9 CHAIRPERSON PETERSEN: Thank you, Donna. I would
10 like to have the staff respond, please.

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Yes,
12 Mitch Delmage, manager of the Waste Tire Program.

13 CHAIRPERSON PETERSEN: Is your mike on, Mitch?

14 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Yeah, I'm
15 just not close enough.

16 Let me see if I can start at the beginning. First
17 off, when we do the assessments and recommendations are
18 made to this Board for how we want to help any particular
19 business, the business is very involved in what those
20 recommendations will be. And the original assessments, as
21 we went from the 19, the original recommendations, I
22 think, were modified in just about every case, based on
23 input from the business.

24 So it is a very -- we have our experts. We have
25 our staff, and we have the business. It's a very

1 cooperative approach that we have taken.

2 MS. CARLSON: Can I respond?

3 CHAIRPERSON PETERSEN: Let him speak, please.

4 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: with
5 regard to whether or not a qualifying California Indian
6 tribe would have to follow the same requirements, yes,
7 they would. Whatever -- all the applicants would be
8 treated the same.

9 With regard to the force majeure, I would like to
10 get back to what the intention was. The original
11 commercialization grant program talked about how many
12 tires a company said they would be able to divert with the
13 help we provided. We saw that that was a problem, because
14 somebody could come along, they didn't really have any
15 capability. Their estimates weren't necessarily accurate.
16 At the end of the day they had the equipment, not as many
17 tires were diverted as they had originally had in their
18 application. And the application was based on that. So
19 it caused some issues.

20 So this particular requirement of somebody having
21 products and had a certain throughput of tires was to give
22 us an idea that they were a business that was up and
23 coming, doing pretty good, and we wanted to take them to
24 the next level.

25 This whole concept is only about -- if, for

1 whatever reason, the previous year, you know, they had a
2 fairly good track record and then something happened, they
3 had a couple years down, we didn't want to have that
4 interfere too much because the intent was, are they a
5 company that's out there, doing their job, and ready to
6 move to the next level? So that's what that's about.

7 MS. CARLSON: If I could respond, I will take the
8 last issue, that we were just discussing, on the Indian
9 businesses. As I read through this material, it came --
10 it just looked to me that these changes were being
11 proposed, perhaps, addressed. One particular tire
12 recycling plant in Southern California that did have a
13 fire has been in and out of business for a long time and
14 probably couldn't meet the requirements of having been in
15 business for X number of times, or the PTE issue, to
16 qualify for our grant. That's just the impression that
17 I'm getting, when I read through this whole thing.
18 There's a plant, had a fire, collected their insurance
19 monies, and probably has something new that they want to
20 do in the future and would like to take advantage of this,
21 but they just don't qualify under the guidelines that are
22 set down before.

23 MEMBER BROWN: I will say on my behalf, and I
24 can't speak for anybody else, but we don't write programs
25 or criteria for programs that address one particular

1 business.

2 And if there's a situation where one particular
3 business, that you can think of, may or may not qualify,
4 the qualification and the criteria that the staff spends
5 an enormous amount of time putting together, is not
6 focused on any one business, one type of business, or one
7 business entity stream.

8 My intention of supporting Indian businesses is
9 because we are a state agency, and we are open to all.
10 This is a voluntary program. We want the maximum number
11 of people to be able to participate. And I don't want to
12 exclude anybody because of an oversight. And I have faith
13 and trust in the staff that they are not writing criteria
14 or changing qualifications for a grant program for one
15 particular business.

16 MS. CARLSON: I'm not suggesting that that took
17 place. I just said, in my particular review, that's what
18 came to my mind. When I was director of RPA, we dealt
19 with tire recycling companies all throughout this state.
20 Many of them were members of the association. And we've
21 had good experiences with some and some very, very bad
22 experiences with others. But I'm not suggesting that this
23 was done for a particular reason.

24 I'm just saying, as I was thinking, and I'm
25 thinking in terms of tire recycling, not the other areas

1 that are involved in this program, that that's the only
2 case that I can think of. So there's no intention of --
3 of suggesting that the staff is writing that for a
4 particular reason.

5 Now, to get back to the first statement, the
6 appearance of conflict of interest, in -- when CRM
7 received its grant and not -- and unfortunately I was on
8 medical leave for several months and was not present when
9 a lot of this took place, so a lot of my impressions are
10 formed from what I'm reading, hearing, and seeing now, and
11 not from what I personally was involved in. But I was
12 really quite surprised to find out the recommendation
13 of -- for technical assistance that was involved in the
14 grant. Maybe there was a misunderstanding on my part, but
15 I was surprised because the technical assistance has been
16 outlined for CRM.

17 I question as to whether or not there is a
18 contract or an expert available that's capable of doing
19 the kind of review and training of CRM. Because any
20 business that's been -- like CRM which has been in
21 business for -- for nine years now, I believe, in
22 California -- knows about lay manufacturing. We know
23 that, because it's a tough business and we certainly do
24 everything we can to improve our production methods.

25 And so I will close with that.

1 CHAIRPERSON PETERSEN: Thank you very much.

2 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: If I
3 might.

4 CHAIRPERSON PETERSEN: Go ahead.

5 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: This is a
6 perfect example. In the original draft of our
7 recommendations for CRM in particular, there was some
8 suggestions of providing technical assistance. After
9 talking with stakeholders, we decided not to recommend any
10 technical assistance and just recommend equipment.

11 CHAIRPERSON PETERSEN: Okay.

12 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: So it's
13 really a cooperative effort.

14 CHAIRPERSON PETERSEN: Thank you, Donna. Thank
15 you, Mitch.

16 MEMBER BROWN: Thank you, Mitch.

17 CHAIRPERSON PETERSEN: Member Mulé?

18 MEMBER MULÉ: I'm not going to say anything.

19 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: I'm
20 sorry.

21 CHAIRPERSON PETERSEN: Go ahead.

22 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Mr.
23 Boisson would like to make a couple comments based on --

24 CHAIRPERSON PETERSEN: Well, I think --

25 MEMBER MULÉ: I think we're okay.

1 CHAIRPERSON PETERSEN: We're good with this now.

2 We have another speaker, Terry Leveille.

3 MR. LEVEILLE: Chair Petersen and Committee

4 Members and Member Chesbro, Terry Leveille representing

5 TL & Associates. I'm going to be very quick here.

6 I've got a couple of clients that are interested
7 in the second cycle of this grant program and are
8 concerned that if there's a delay in the second cycle,
9 there won't be enough time, you know, before the end of
10 the fiscal year. And we hope that -- I know that the
11 initial plans were to go out with the application period
12 starting in early January. And then I talked with some
13 staff. They were talking mid January, after next Board --
14 after the next Board meeting.

15 So we're just concerned about the amount of time
16 available, because we know that these programs do take a
17 lot of time. And we just want to make sure that the Board
18 is aware of that particular issue. These are -- these
19 are, you know, good tire recyclers and will benefit from
20 the program and for the state.

21 CHAIRPERSON PETERSEN: Thank you. Thank you,
22 Terry.

23 DEPUTY DIRECTOR LEE: Chairman Petersen, if I may,
24 again, and just follow up on that comment again and get
25 clarification from the committee.

1 Indeed, as I said, the proposed agenda item was
2 just to tweak or make some revisions. I am interpreting
3 the Committee's direction as they don't want to halt the
4 next cycle of the grant awards for the applications going
5 out, utilizing the existing criteria. If that is not the
6 intent, then I think I would share Mr. Leveille's concern
7 that there will be insufficient time, or may be
8 insufficient time, in order to get and receive grant
9 applications and have the money -- proposed grants awarded
10 within the timeframe. This is particularly critical for
11 the -- any grants that are proposed for equipment.

12 If the grants are technical services only, then
13 there's some additional leeway we have, given that those
14 services are provided through the grant award to Beck that
15 we made last year, encumbering both fiscal years' funds.
16 If we could, some clarification on the Committee's intent
17 with regards to the BAP.

18 MEMBER BROWN: Well, I appreciate your comments,
19 Terry. And you know, I don't think we want to hold up the
20 grants, and we would like to get the funds encumbered this
21 year. I just don't know if I'm comfortable moving it
22 forward until we get the current things tweaked.

23 Now, we're put between a rock and hard place,
24 so....

25 CHAIRPERSON PETERSEN: How do we get this done in

1 a timely fashion? That's the question.

2 MEMBER BROWN: Rosalie?

3 MEMBER MULÉ: Mr. Chair, may I offer a compromise
4 here.

5 Perhaps we can move forward with the application
6 process for the second round. And parallel with that,
7 start the evaluation process, if you will, of the existing
8 grant cycle, as Chair Brown had recommended. That way --
9 but not guaranteeing that those grants would be awarded,
10 but at least we could move forward with that process and
11 at least get it started with everyone having a clear
12 understanding that, based on our evaluation, that things
13 may not move forward fully. And I don't know if we can do
14 that legally or not. But I'm just throwing it out there
15 for consideration.

16 CHIEF COUNSEL BLOCK: You do have that option, if
17 you would like.

18 MEMBER BROWN: Okay. Does that mean we have to
19 make a determination about the PTE, the diversion, the
20 Indian --

21 CHIEF COUNSEL BLOCK: What I was hearing is that
22 the second cycle would be under the existing revisions.
23 You wouldn't have to make a decision on what's in this
24 agenda item before you today. That will be working on a
25 parallel track.

1 And then the question I guess I would ask is:
2 Would you want to hold open the possibility of making some
3 of these changes if you were making a decision before any
4 decisions were made in the second cycle? We might be able
5 to write the documents that go with the application
6 package to allow some leeway. Or do you just want to keep
7 them separate and simpler? I mean, you have that choice.

8 MEMBER MULÉ: Could you give me some specifics?

9 CHIEF COUNSEL BLOCK: Well, I mean --

10 MEMBER BROWN: I think there's a couple of things
11 in the item, we may be comfortable moving forward with.
12 Like the Indians, force majeure, act of God, to me doesn't
13 include half of the things that were listed. So I'm not
14 comfortable with where the staff is going on that.

15 And you know, I really would like to have a larger
16 discussion and know where we are businesswise, to really
17 evaluate fairly whether businesses that have received a
18 prior grant -- I mean, and if they should be eligible or
19 not. I would like to know the assessment of businesses to
20 see if that really should be under consideration.

21 DEPUTY DIRECTOR LEE: Madam Chair, may I suggest
22 again that we can bring this back at the Board meeting
23 this month --

24 MEMBER BROWN: Take out some of this --

25 DEPUTY DIRECTOR LEE: Take some of this and get

1 clarification on exactly what can be accomplished
2 utilizing the existing criteria and reexamining, like I
3 said, so we will have a more clear and precise
4 recommendation to make for you at the Board meeting, after
5 we've consulted with legal and admin on this.

6 MEMBER BROWN: Okay. That would be very helpful.
7 And I would like to move the cycle forward in order to not
8 jeopardize the funds for businesses who could use them.

9 MEMBER MULÉ: Right.

10 CHAIRPERSON PETERSEN: Great. And we're really
11 clear about what we need to do before the Board meeting.

12 MEMBER MULÉ: So this already moved to the full
13 Board.

14 MEMBER BROWN: Would you like a clear direction of
15 what we would like before the Board meeting?

16 DEPUTY DIRECTOR LEE: No, Madam Chair. It's very
17 clear at this point. Thank you.

18 CHAIRPERSON PETERSEN: They got it. There we go.

19 Okay. Then can we move on, Jim.

20 DEPUTY DIRECTOR LEE: Yes, Chairman Petersen.

21 Thank.

22 Committee Item G, Board Item 13, is discussion and
23 request for direction regarding sector and industrywide
24 activities authorized under the consulting contract for
25 the Tire-Derived Product Business Assistance Program.

1 Like I said, we would like to present this item.
2 I guess we can entertain any comments from the committee
3 and the stakeholders and then take the Board's --
4 Committee's direction on this.

5 I will ask Frank Simpson to make the staff
6 presentation.

7 PRODUCT PROMOTION & ASSISTANCE SECTION

8 SUPERVISOR SIMPSON: Good morning, again. Frank Simpson.

9 The proposed activities are the result of a
10 significant development process including external
11 stakeholders and the Board offices. Now, during the
12 conceptual development of the BAP, both business
13 stakeholders and Board offices expressed a strong desire
14 to provide a broader assistance to various sectors of the
15 industry as a whole.

16 Accordingly, appropriate language was included in
17 the scope of work and the resulting contract. Because of
18 this language, we were able to draw on the expertise of
19 any of the dozen contractors and their employees currently
20 under contract. This provides for a timely response in
21 pursuit of these important activities. These specific
22 activities are a result of suggestions at various waste
23 tire interested parties' meetings, discussions with
24 individual stakeholders, and activities that staff
25 believes are necessary, for improving market development

1 efforts, and the diversion of tires from landfills.

2 These specific activities have been discussed at
3 the August and November 2006 interested parties' meetings
4 and will be discussed again at the January 11th interested
5 party meetings. As always, we will continue to work with
6 the stakeholders on the specifics of the activities and
7 continue to solicit their feedback.

8 Now, a question was raised regarding the suggested
9 budget of \$300,000. The amount is staff's estimation of
10 the minimum amount necessary to pursue all the activities.
11 They could be further enhanced if additional resources
12 become available.

13 Also, the scrap tire analysis is a separate
14 activity from the contract with CSU Sacramento to improve
15 the accuracy of the tire generation figures. The proposed
16 project is not intended to be comprehensive. Rather, it's
17 intended to give an informed, objective, and reasonable
18 estimate of the tire flow and possible demand in a timely
19 manner.

20 Now, currently the staff has no objective timely
21 information regarding tire flow, the supply and the
22 demand. Staff continues to receive inquiries from other
23 state entities and businesses regarding our current
24 situation. Unfortunately, staff only has tire generation
25 information that's typically 12 to 18 months old.

1 This study will provide a reasonable estimate to
2 assist in making informed decisions regarding the market
3 for tire-derived products.

4 In summary, since the authority to perform sector
5 and industrywide activities is already included in the
6 Board approved contract, staff is requesting direction to
7 proceed with the activities contained in this item.

8 I would be happy to take your questions.

9 CHAIRPERSON PETERSEN: Questions?

10 MEMBER MULÉ: Well, I have several questions. I
11 guess I will start with this scrap tire market analysis.
12 I'm looking for my notes from -- the question I had was:
13 Aren't we doing something similar somewhere else in the
14 Five-Year Tire Plan?

15 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Not
16 really. We have a current study with Sacramento State
17 University to look at how we put together our staff report
18 that shows the generation of tires, gets all the data that
19 we have gathered from our stakeholders about what's being
20 recycled, what's being disposed of, what's being used in
21 waste-to-energy.

22 MEMBER MULÉ: Isn't that kind of tire flow?

23 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: It is,
24 but it's from the very big picture. What we are looking
25 for here is a much more specific focus on the market, just

1 the market side of it, and just, you know, in a very
2 current format.

3 What we've seen, like last summer, we've heard
4 from some of our stakeholders that there's a shortage of
5 crumb rubber. We heard, again, more recently from
6 Caltrans that they are having trouble finding crumb
7 rubber. We've talked to some stakeholders. We're not
8 sure, you know, if this is true. Is it that it's not
9 available at the right price? Is it that there's not
10 capacity? We know there's tires. We know there's
11 10.2 million or more, that right now don't have a home.

12 And so we just want to get a point in time,
13 current, as objective as possible, as quick as possible,
14 idea of what the market situation is right now.

15 MEMBER MULÉ: Okay. Because you made the comment
16 that it is a snapshot in time, because obviously market
17 conditions are constantly changing. So that's why I was
18 questioning this, this particular project.

19 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: We're not
20 looking for a comprehensive \$300,000 study. It's a very
21 small amount to get a better handle on what's happening
22 right now, so that we can make informed decisions,
23 especially as we move into this biennial review of the
24 Five-Year Plan.

25 MEMBER MULÉ: Because then my next question or

1 comment, I should say, is: This is something that I think
2 we should be doing as an organization on an ongoing basis.

3 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Yes, I
4 certainly agree.

5 MEMBER MULÉ: So maybe we can write ourselves a
6 little note to discuss this in the Five-Year Tire Plan
7 meeting. Because this is -- this is exactly the kind of
8 work that we need to be doing on an ongoing basis. And we
9 need to --

10 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Not just
11 for tires.

12 MEMBER MULÉ: Right. Not just for tires. So we
13 need to make sure that we get the resources to have this
14 kind of work conducted on an ongoing basis.

15 The other question I just want to bring up. And
16 actually, this goes back -- this really doesn't pertain
17 directly to this. But I just want to ask -- you know
18 what? I will save it for later, for the end of the
19 discussion. Let's see.

20 And then again, the next item, document and verify
21 product characteristics and claims of comparative costs,
22 performance and safety benefits. My question is: I know
23 Mr. Blumenthal has been before us on numerous occasions
24 and has told us that he has countless studies available to
25 us, through the Rubber Manufacturers Association.

1 And so again, I just wanted to make sure that
2 we're not reinventing the wheel with some of these studies
3 and that we are doing something that there is a need for.
4 So I may ask Mr. Blumenthal to comment on that later.

5 And then conduct cooperative marketing initiative.
6 I just have a note here. We do have a contractor that we
7 have been working with, to promote RAC and TDA and other
8 items. And so I'm just wondering if this would be a -- an
9 add-on to that contract. Or how you envision that, that
10 particular project rolling out?

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: I've
12 always thought of this as being a "got milk" kind of
13 outreach effort, to where we want to stay very focused on
14 this particular industry. The Ogilvy effort, as you know,
15 we're, you know, outreaching to local governments. We're
16 talking about a variety of products.

17 MEMBER MULÉ: Right.

18 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: This is,
19 I see, different. I don't know in that it can be -- you
20 know -- it would be done in conjunction with other
21 outreach activities that the Board does. But it's very
22 specific to this particular industry. It's something --
23 like I said, the best way for me to describe it is "got
24 milk."

25 MEMBER MULÉ: Okay. And obviously you -- you've

1 coordinated with our public affairs office?

2 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Oh, of
3 course.

4 MEMBER MULÉ: All right. That's it for me. Thank
5 you.

6 CHAIRPERSON PETERSEN: Chair Brown?

7 MEMBER BROWN: Yeah.

8 In the activities that are included in that
9 cooperative marketing initiative, it does say that you are
10 going to build on lessons learned with Ogilvy. Then the
11 next one, identification of barriers and solutions to
12 increase use of TDA. Isn't that part of what Ogilvy did?

13 MEMBER MULÉ: Yes.

14 MEMBER BROWN: On the next one, it says,
15 "Implement a feed stock conversion initiative and other
16 activities." Under there, you got four bullet points.
17 And the last one is, "Identification of barriers and
18 solutions to increase use of TDA."

19 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: What
20 Ogilvy did in their research was determine what are the
21 barriers, essentially for them to listen to us.

22 MEMBER BROWN: They didn't do any barriers to the
23 usage of the project?

24 MEMBER MULÉ: They did.

25 MEMBER BROWN: By local jurisdictions -- but I

1 think we're -- you know, I'm concerned that we're
2 duplicating efforts that are already being done or
3 underway. I just don't want to, you know, do another
4 study that's going to do more of what we already have and
5 not focus on what we are doing. So that's my concern with
6 it.

7 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: All
8 right. I will work closely with Ogilvy to make sure we
9 don't go over the same ground.

10 CHAIRPERSON PETERSEN: Calvin, can you talk?

11 MR. YOUNG: Ill try like this. Okay? So bear
12 with me.

13 CHAIRPERSON PETERSEN: You sound good.

14 MR. YOUNG: My wife likes it when my voice goes
15 out, because it's a little quieter.

16 CHAIRPERSON PETERSEN: I know how that works.

17 MR. YOUNG: Anyway, Chair Petersen, Board Members,
18 this is Calvin Young with the Product Promotion and
19 Assistance Section, with more than a little raspy voice.
20 So bear with me.

21 Just wanted to respond to a couple of the
22 questions raised, and maybe shed some light and such. On
23 the scrap tire market analysis, yes, indeed, what we
24 currently have with our existing tire generation study is
25 information that's between 12 and 18 months old by the

1 time we get it. A little difficult to respond to anything
2 happening in the marketplace.

3 What we're looking to do is, again, not an
4 exhaustive comprehensive thing. Just a good enough handle
5 on the marketplace based on objective data, rather than
6 relying on one or two or three stakeholders telling us
7 what's going on. Get that independent variable
8 information to tell us what's going on, to the extent that
9 we can. And to try and get some handle on the
10 marketplace.

11 Mitch had mentioned conversations or inquiries
12 from Caltrans who has expressed concern that they are not
13 able to get sufficient crumb rubber. We believe that this
14 is, again, probably an issue of communication between the
15 crumb rubber suppliers and the subcontractors that work
16 for Caltrans, that actually apply the material.

17 To that end, this information will help us with
18 that. And also to that end, we're planning on a little
19 workshop or a meeting, probably scheduled for the latter
20 part of February or early March, where we want to bring
21 the crumb rubber producers in the same room with
22 subcontractors that actually lay the RAC down, to get it
23 out in the air and go over some of these issues; you know,
24 better openness, better communication. So that's part of
25 what we are trying to do with that.

1 On the characteristics of comparative costs, some
2 of the issues, the work's already been done. You're
3 absolutely accurate in many of the cases. In many of the
4 situations I think it's -- Lindsey Smith from Rubber
5 Sidewalks was here a few months back and made the point
6 about concerns regarding latex and rubber. And there was
7 a difference between wet and dry latex. That kind of
8 information needs to get out. There needs to be
9 identification of where -- excuse me -- identification of
10 where those sources are, and they can be put either on the
11 RMA Web site, our Web site, U.S. EPA's or what have you,
12 so it will serve as an objective point for a lot of folks.

13 There's also been a lot of concern expressed
14 regarding rubberized mulch. We would like to address
15 those areas and it's entirely possible that there will be
16 one or two other areas, perhaps, put in place, or others
17 that maybe need some additional assistance.

18 Again, the idea behind that is -- our
19 understanding of the Board's direction is to get these
20 products to stand on their own merits. And a lot of that
21 is debunking these myths that are out there. Or if there
22 are legitimate concerns, then addressing those concerns.

23 On the cooperative marketing, our intent is not to
24 duplicate or go over the same ground that Ogilvy has gone
25 on. Again, Ogilvy is targeting local jurisdictions. A

1 lot of this stuff we're looking to do to build on -- will
2 build on the work that's done at Ogilvy, as far as where
3 the hot buttons are for local jurisdictions or what have
4 you.

5 But it will also be targeting the two main areas
6 that stakeholders have expressed an interest in -- is
7 government procurement and green building. And I know
8 that we've had some discussions with green building
9 counsel folks and we will be working quite closely in
10 order to get better get tire-derived products into that
11 marketplace. Some of it has to do with workshops to teach
12 stakeholders how to sell to government entities. Some of
13 it's going to be some, you know, real life sit-downs with
14 some of the folks and the contractors that actually build
15 things to make sure that products are being produced that
16 meet their needs.

17 On the feedstock conversion, this staff kind of
18 sees this as a holy grail. This is what's going to
19 significantly improve, we believe, the usage of crumb
20 rubber in the state of California.

21 And this is, a lot of manufacturers are concerned
22 with producing products that are a hundred percent
23 recycled content, but maybe receptive to a lesser
24 percentage, say, 5, 10, 15 percent that may not affect the
25 performance characteristics that would reduce their

1 overall cost by using recycled material. We need to be
2 able to work with them, drawing on the information that's
3 been done, primarily in New York and elsewhere, on some
4 barriers with feedstock conversion. But also helping
5 them, I guess, get the right recipe for these products.
6 So a lot of this will be probably working and trying to
7 get the right recipe for various products.

8 As far as barriers and solutions to tire-derived
9 aggregate, my understanding on the Ogilvy is that, again,
10 they were looking at primarily the barriers to selling
11 these to the local governments and what have you. What
12 we were looking at is more of the other side of it, which
13 is what would it take to get it into green book, or what
14 would it take to work county by county in order to be able
15 to use in each lines for drainage out, in there. That's a
16 very different issue than what's currently going on with
17 that.

18 Actually, dealing with the storage issue, which I
19 know is a critical issue for tire-derived fuel as well as
20 TDA.

21 MEMBER BROWN: You know, it would be helpful -- I
22 appreciate all of your input. That should be in here.
23 What your measurement criteria is and what your
24 accomplishments and what you want to do with the
25 information is as important as just saying "identification

1 of barriers." Well, you know, get to the meat of the
2 issue, because that's really what we are interested in.

3 And I know Rosalie had mentioned the comparative
4 cost performance and references. And Michael, you talked
5 about the rubber sidewalks. We do have that information.
6 We don't need the information. We need a better way to
7 get the information out.

8 And I love BAWDS, and I think it's a very handy
9 tool. But that's not where people look for it.

10 So rather than doing more study and more reports,
11 I would rather see a marketing plan to get this
12 information to the people that need it; and how we build
13 the markets for these products, not by providing the
14 information on the Web site for the businesses to use as
15 tools, because then you are making them go out and do the
16 marketing. Let's make that a priority rather than, you
17 know -- I mean, we do need to be the experts and that's,
18 you know, Rosalie's mantra and all of ours, is we need to
19 be the experts and provide the information and the tools
20 for people and for these markets to build.

21 But we need to do a better job of getting the
22 information out and making it available to people. So
23 that's my only feedback. You know, I appreciate all your
24 explanation.

25 MR. YOUNG: I appreciate that feedback. And thank

1 you.

2 CHAIRPERSON PETERSEN: I also want to chime in on
3 this, because the communications I guess is -- we get so
4 swallowed up in this stuff that we've got to try and
5 figure out where the markets are going to be. And I
6 understand all that.

7 It's just like in the old days, when we didn't get
8 the information out on who we are and what we are doing
9 and how to develop the markets and go talk to all the
10 stakeholders, which I know you do, but the communication
11 has got to be there. And I would really appreciate some
12 more detail. Calvin, that's very interesting stuff. But
13 I want to see this market developed. There's no program
14 if there's no market. So what we got to do is get out
15 there and make that happen. I appreciate that.

16 DEPUTY DIRECTOR LEE: I understand, Chairman
17 Petersen. And I think, in light of the Committee's
18 comments, what I'm prepared to do on this is take it back
19 and see if we could refine it and include some additional
20 information, you know, basically put in writing what
21 Calvin was trying to express verbally today. Also, to
22 take another look at this marketing plan idea and see how
23 that might be incorporated. And like I said, if we can do
24 it in a timely fashion, we'll bring it back for the Board
25 meeting.

1 If not, this item is a little bit different from
2 the previous one. This is, again, something that was set
3 forth in the existing Board approval to come back with
4 sector-related studies. It's not absolutely essential to
5 the program going forward.

6 We have it -- on this item, we have additional
7 time to work with it. It doesn't have the same
8 constraints that we shared with you on the previous agenda
9 item.

10 So let me see what we can do in the time we have
11 available, and then we'll get back to you on this.

12 CHAIRPERSON PETERSEN: That's a good marketing
13 strategy. Good. Works for me. And okay. We have some
14 public comment.

15 Donna Carlson, please.

16 MS. CARLSON: I just wanted to make it clear to
17 the Board, that CRM wants to help make this program work.
18 We are raising our concerns.

19 And one of the concerns I voiced. I've heard a
20 couple of the committee members' voices saying concerns
21 about a market analysis. And I think we pretty well
22 decided that, you know -- or at least I think you are of
23 the opinion that that probably should be done on an
24 ongoing basis, by the Board.

25 I did a search on your Web site and only found a

1 1996 report, market analysis, done by staff. It was
2 fairly good. The only other thing I found was a report
3 that Denise Kennedy submitted before one of the -- I
4 believe it was a stakeholders' meeting, when we were
5 talking about the R.W. Beck, which was a pretty
6 comprehensive report on tire flow and that type of thing.

7 But I really agree on -- I'm glad to hear some of
8 the answers. I'm particularly pleased to hear that, in
9 our particular instance, at least the tire processors,
10 that the total grant will be for equipment; is that
11 correct?

12 DEPUTY DIRECTOR LEE: Repeat that please.

13 MS. CARLSON: That our total grant will be for
14 equipment, for CRM.

15 DEPUTY DIRECTOR LEE: For CRM.

16 CHAIRPERSON PETERSEN: That's correct.

17 MS. CARLSON: I'm very pleased to hear that
18 particular thing. So I sent you my written comments. I
19 couldn't agree more that -- I think the intentions are
20 great into having these activities. But so far, we've
21 been presented, kind of, skeletons. And we need some
22 flesh on those bones before we can wrap our heads around
23 some of this.

24 And that's all I have to say. And I really thank
25 you for the opportunity to represent CRM and talk to this

1 committee today.

2 CHAIRPERSON PETERSEN: Great. Thank you, Donna.

3 Okay. So do we have clear direction on where we
4 are going to go here, on this?

5 DEPUTY DIRECTOR LEE: Yes, Chairman Petersen.

6 CHAIRPERSON PETERSEN: Great.

7 We're ready for another deputy director's report.
8 John?

9 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Chairman
10 Petersen, before we finish off, if I could invite all of
11 you, we're having an interested parties' meeting tomorrow,
12 in this room, and we will be discussing a lot of these
13 issues.

14 CHAIRPERSON PETERSEN: And what time?

15 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: 9:30.

16 CHAIRPERSON PETERSEN: Okay. Thank you.

17 We're going to have a five-minute break here.

18 Make it ten. Can we make it ten?

19 Ten. Thank you.

20 (Thereupon a break was taken in
21 proceedings.)

22 CHAIRPERSON PETERSEN: Any ex partes?

23 FORMER SENATOR CHESBRO: Getting myself back in
24 shape for following the legal procedures here, I had a
25 brief conversations with Ed Boisson of R.W. Beck and Terry

1 Leveille of TL & Associates, regarding the previous agenda
2 items and tire recycling programs.

3 CHAIRPERSON PETERSEN: Thanks, Senator.

4 Okay. John?

5 MEMBER MULÉ: Mr. Chair, I had a conversation with
6 Mr. Michael Blumenthal from Rubber Manufacturers
7 Association regarding the previous agenda item, 13. Thank
8 you.

9 CHAIRPERSON PETERSEN: I didn't mean to cut you
10 off.

11 MEMBER MULÉ: That's okay.

12 MEMBER BROWN: I'm up to date.

13 CHAIRPERSON PETERSEN: Okay. Now, John.

14 DEPUTY DIRECTOR SMITH: Good morning, Chairman
15 Petersen and Committee Members Brown and Mulé, and welcome
16 back, Senator Chesbro. For the record, my name is John
17 Smith. I'm the acting deputy director for Waste
18 Prevention and Market development.

19 I have a brief announcement to cover in my deputy
20 director's report. That will be it. And then we'll
21 proceed through the four remaining agenda items.

22 The announcement relates to a periodic update on
23 the interest rates for the RMDZ loan program. Twice a
24 year, at the beginning of each calendar year, and midway,
25 around July, staff comes before this committee, to

1 announce the interest rate of the RMDZ loan program. Per
2 regulation, the loan program interest rate is subject to
3 be adjusted semiannually.

4 At the July 2005 Board meeting, as part of its
5 approval of the loan program, general loan criteria, the
6 Board voted to set the interest rate equal to the prime
7 interest rate, provided the prime neither exceeded a
8 maximum of 5 percent nor went below a minimum of
9 4 percent.

10 Currently, prime is 8.25 percent. Therefore, the
11 RMDZ interest rate will remain at the cap of 5 percent for
12 the next six months.

13 So that's a -- so that new rate or same rate is
14 effective January through June 30th.

15 Any questions?

16 CHAIRPERSON PETERSEN: Any questions?

17 Great. Okay.

18 DEPUTY DIRECTOR SMITH: Okay. Then our next item
19 is Committee Item H, Board Item No. 14.

20 The item is Consideration of the Recycling Market
21 Development Revolving Loan Program Application for Grover
22 Landscape Services.

23 Daisy Kong, our loan officer, will make the
24 presentation.

25 MS. KONG: Good morning, Committee Chair Petersen

1 and Committee Members. It is a --

2 CHAIRPERSON PETERSEN: You might have to move the
3 microphone.

4 MS. KONG: Good morning, Committee Chair Petersen
5 and Committee Members. I'm Daisy Kong with the RMDZ loan
6 program.

7 The item I'm presenting this morning is Agenda
8 Item H, Board Item No. 14, consideration of the Recycling
9 Market Development Revolving Loan Program Application for
10 Grover Landscape Service, Inc.

11 This applicant is located in the City of Vernalis
12 within the Los Angeles County RMDZ. I also want to point
13 out that in the agenda item, Section 9(A), "The Zone
14 administrator for the Long Beach Recycling Market
15 Development Zone," should read "the Stanislaus County"
16 instead.

17 This loan request from Grover Landscape Services
18 is for a million dollars and is for the purchase of
19 67 acres, where the company currently operates its
20 recycling and composting facilities. Grover Landscape
21 Services is a full-service landscaping and recycling
22 company.

23 The Board has had a long relationship with this
24 company that spans over 10 years. This is their
25 fourth RMDZ loan request. When the Board approved their

1 first loan in 1996, the company was diverting 7,000 tons
2 of green waste and wood waste annually. Last year, the
3 company diverted over 250,000 tons from California
4 landfills. The company projects to increase their
5 diversion further, by another 50,000 tons per year, as a
6 result of this loan.

7 The Diversion, Planning, and Local Assistance
8 Division has reviewed the project and determined that the
9 material to be processed by Grover Landscape Services is
10 normally disposed of in a landfill. The RMDZ Loan
11 Committee met on January 4th, 2007, and had unanimously
12 approved the loan request.

13 Staff recommends that the Committee approve Option
14 No. 1 and adopt Resolution 2007-15, to approve the loan to
15 Grover Landscape Services, Inc. With this loan, the RMDZ
16 loan subaccount will have \$19,190,550 left for future
17 loans.

18 This concludes my presentation.

19 Mr. Mark Grover, the owner and founder of Grover
20 Landscape Services is here to answer any questions this
21 Committee may have on his project.

22 CHAIRPERSON PETERSEN: Questions? Comments?

23 MEMBER BROWN: I can comment. I had the good
24 fortune of actually visiting Grover. And it was my first
25 composting facility. So it set a very high bar for all of

1 the rest of the facilities around the state.

2 But I have to say, this is an outstanding
3 facility. I learned so much. And what he is doing with
4 Grover is actually marketing his materials successfully in
5 doing what he is doing and diverting the amount of green
6 waste from landfills. It's the way it should be done,
7 throughout the state. So I think you are doing a
8 phenomenal job. And thank you for what you are doing in
9 your diversion effort. And you have certainly set a very
10 high bar for all of the rest of the facilities around the
11 state.

12 MEMBER MULÉ: I just want to say, I too visited
13 your site and was extremely impressed, having visited many
14 composting facilities. You really have set the standard;
15 I agree with our chair. And I just want to thank you for
16 all the hard work that you have put into doing what you
17 are doing and helping us with our mission of diverting
18 materials to beneficial use.

19 So I don't know if we have any other comments or
20 questions.

21 CHAIRPERSON PETERSEN: Oh, I haven't seen the
22 facility. But I hear he's the recycling champion. And
23 that's a grand thing. Maybe we should ask him to help
24 educate some of the others in the state and their
25 operations, which would be interesting.

1 Anyway, Mark, was there something you wanted to
2 say.

3 MR. GROVER: I might just say this much. Thanks
4 for the nice comments.

5 CHAIRPERSON PETERSEN: Is the mike on down there?

6 MR. GROVER: Thank you. Is that better?

7 Thank you for the nice comments. As Daisy said,
8 this would be our fourth loan, if you give it to us. And
9 that has been helpful to us. It's -- they have been nice
10 to work with, and this program has been helpful to me.

11 We -- we've grown considerably over the years.
12 But we are privately-owned, started out as a small
13 landscape contractor. And it's hard to get capital
14 sometimes at a price you can afford. So it's been very
15 helpful to us. So what we are asking always up to now, on
16 this site, our main site in Vernalis, we've been operating
17 on leased ground, and not always the most favorable
18 situation. It's hard to spend the money on capital
19 improvements you would like to do, when you are operating
20 on leased.

21 So this hopefully will give us the opportunity to
22 own the property and do some things we really have been
23 wanting to do for a long time. So we hope you will grant
24 this loan to us.

25 Thank you.

1 CHAIRPERSON PETERSEN: Thank you very much. And
2 this is a critical issue in the state. And what you're
3 doing is leadership, and I'm all for it.

4 So do I hear a motion.

5 MEMBER MULÉ: I will move Resolution 2007-15.

6 MEMBER BROWN: Second.

7 CHAIRPERSON PETERSEN: Deb?

8 EXECUTIVE ASSISTANT BALLUCH: Brown?

9 MEMBER BROWN: Aye.

10 EXECUTIVE ASSISTANT BALLUCH: Mulé?

11 MEMBER MULÉ: Aye.

12 EXECUTIVE ASSISTANT BALLUCH: Petersen?

13 CHAIRPERSON PETERSEN: Aye.

14 Fiscal consent, please.

15 Moving on.

16 DEPUTY DIRECTOR SMITH: Committee Item I, Board
17 Agenda Item 15, Update on the Implementation of the
18 Electronic Waste Recycling Act of 2003. Shirley
19 Willd-Wagner and Jeff Hunts of the E-waste Program will
20 co-present.

21 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

22 WILLD-WAGNER: Thank you, John. Shirley Willd-Wagner,
23 manager of the Electronic Waste Recycling Branch. Good
24 morning, Chair Petersen and Committee Members, and a warm
25 welcome to Senator Chesbro. Good to see you back again.

1 I look forward to telling you about our exciting new
2 program that is now three years old, as of a couple of
3 days ago.

4 (Thereupon an overhead presentation was
5 presented as follows.)

6 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

7 WILLD-WAGNER: Before we get into today's update, I just
8 want to take a brief minute to acknowledge some real
9 strong assistance we've had from one of our stakeholders
10 who's moving on, into a new position. Yvonne Hunter, you
11 may have heard, from the League of California Cities, is
12 moving into an exciting new program with Community for
13 Kids Health, I believe it's called. And she's been just
14 huge in us getting this program established, from day one,
15 with the legislation, helping us establish roles that meet
16 the needs for local government, in really every step
17 through the way. Also, with the training that we've
18 provided to local government, last year. We'll be doing
19 that again this year. So we'll really missing working
20 with Yvonne, bottom line. We will keep her friendship,
21 I'm sure. And she'll keep involved in the movement. But
22 she will be moving on to something new and exciting.

23 --o0o--

24 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

25 WILLD-WAGNER: Moving on, forward, what we're going to

1 talk about today, we're going to provide an update on our
2 current program statistics, discuss the fiscal
3 responsibility, as we like to bring that to your
4 attention, mention the permanent regulations that were
5 adopted recently, talk about our work flow, briefly
6 mention the reporting requirements and the Act, talk about
7 what we're doing with public education; and how we're
8 looking forward, what's going to happen in 2007.

9 Also, I want to mention briefly the national group
10 I've mentioned to you before, that there is still
11 discussion, quite a bit, on the national level, of the
12 E-waste recycling or coordinator program nationally. And
13 Peggy Harris at DTSC and I continue to be very involved,
14 just in the discussions around this. We haven't seen our
15 proposal, but there are four congress people, on the
16 federal level, that have been working on this, having and
17 holding a discussion; working group representatives
18 Slaughter [phonetic], Bono [phonetic], Thompson and Wong.
19 And that group is continuing to meet. And we'll see what
20 comes next.

21 --o0o--

22 ELECTRONIC WASTE RECYCLING BRANCH MANAGER
23 WILLD-WAGNER: Just the basics, as a real brief review.
24 And again, we look forward to briefing you on this
25 further, Senator Chesbro.

1 The Electronic Waste Recycling Act of 2003 created
2 an advance recycling fee on the retail sale of electronic
3 devices. Currently, those devices are CRT-containing
4 televisions and computer monitors; LCD televisions and
5 computer monitors; laptop computers and plasma TVs. And
6 Department of Toxics has also recently added portable DVD
7 players. A fee will actually be charged on them starting
8 July 11st.

9 After we get the money, we turn around and make
10 payments, recovering recycling payments, to qualified
11 handlers of covered electronic devices, covered electronic
12 wastes, rather. Recyclers -- we pay the recyclers.
13 Recyclers pay the collectors.

14 There's some brief manufacturing requirements in
15 the Act as well as provisions for a statewide public
16 education campaign.

17 --o0o--

18 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

19 WILLD-WAGNER: The collectors and recyclers are all our
20 system participants. And as we all know, they are
21 handling hazardous waste. Therefore, we collaborate
22 closely with DTSC to make sure that they are handling
23 hazardous waste appropriately. The DTSC performs
24 inspections, makes sure notification requirements in
25 place, and that the recyclers are in compliance with laws

1 and appropriate regulations.

2 Currently, we have over 500 approved collectors
3 and over 50 -- about 55 approved recyclers. Again, we pay
4 the recyclers, and the recyclers pay the collectors.

5 --o0o--

6 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

7 WILLD-WAGNER: As you know, we began two years ago,
8 January 1st, 2005, with the payment of the fee by the
9 consumer as well as payment out to recyclers and
10 collectors. Programs have grown substantially, continues
11 to grow.

12 We project that we will double the volume in 2006
13 that we had in 2005. 2005, we had a total claim of
14 65 million covered pounds, for \$31 million. So we're now
15 at \$51 million in claims for 2006, representing
16 106 million pounds. And that's activities through about
17 middle to late October. So we project some continued
18 increase.

19 --o0o--

20 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

21 WILLD-WAGNER:

22 And you can see this by our handy-dandy colors of
23 Green Bay Packers slide, here, for program growth. The
24 yellow is 2005; the green is 2006 actuals; and then the
25 gray, you will see the projected volumes for the rest of

1 this year.

2 Looks like -- what we really anticipate is that
3 that growth -- it was growing at, like, three times the
4 amount. If you look at the first quarter -- the first
5 quarter, we expect that to slow a little bit, stabilize,
6 as the market stabilize and the processors are getting
7 mature with their infrastructure.

8 And then there will continue to be some
9 fluctuation due to the markets for glass, plastics, etc.,
10 but we will continue to grow at a more stabilized rate.

11 --o0o--

12 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

13 WILLD-WAGNER: Now to the money side. BOE tracks and
14 collects the revenue. Fiscal year, we're looking at
15 approximately \$77 to \$89, probably, per year. Annual
16 revenue will be fairly consistent.

17 BOE collects the money from the retailers and then
18 deposits it into the Electronic Waste and Recycling
19 Recovery Account. Therefore, there is big money in our
20 account; big money under our watch. The revenues
21 fluctuate a little bit depending on the indemnification of
22 new retailers, payment of refunds, rate filings, etc. And
23 while the program isn't really all about the money, it's
24 mostly about the money.

25 --o0o--

1 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

2 WILLD-WAGNER:

3 Therefore, I really want to address a little bit
4 our highest priority, which has always been our highest
5 priority, as I mentioned before. It's all about our
6 fiscal responsibility and our program integrity. We are
7 responsible for the financial aspects of the Act. We've
8 established the rules, designed to do the most that we can
9 to protect that program and fund integrity.

10 Our claim review procedures are elaborate, as you
11 know, and extensive, and a thorough review that our staff
12 will perform, to try to do the best we can to ensure the
13 appropriate expenditure.

14 What we did, and I think I've mentioned this
15 before, is we invited Department of Finance to come in and
16 help us on a consultive basis at the beginning; look at
17 our procedures that we've established, help give us some
18 advice and some suggestions. And we're continuing to
19 learn from their expertise.

20 We've looked at -- taken, kind of, some of their
21 ideas. We've gone out and met with other sister agencies
22 and looked at other models for enforcement, compliance
23 assistance. We have met with the Department of
24 Conservation's Recycling Division, the bottles and cans,
25 beverage container folks to look at what they have done

1 for fraud prevention and detection program.

2 We have also met with the Attorney General's
3 Office, Ed Lowry, who prosecutes some of those cases for
4 the Division of Recycling, and is also the past director
5 here at DTSC.

6 We have met with the State Controller's Office,
7 Special Investigations Bureau. And we meet regularly,
8 continue to consult with Department of Toxic Substances
9 Control.

10 We have looked at these models. We're trying to
11 develop a fraud protection program and approach here, at
12 the Board. So that basically, as we say up there, common
13 sense and history tells us that there will be fraud in the
14 program. There is likelihood that this is developing. We
15 need to work on our priorities for 2007, to really look at
16 defining roles and responsibilities with the Department of
17 Toxics, perhaps entering into an MOU to define who can do
18 what, and how we will be assisting the detection. We'll,
19 you know, look at the financial aspects of the law, what
20 we can do to inspect and detect, and then work with DTSC
21 to actually enforce against fraud as necessary.

22 I guess that's really all on my part of describing
23 some of our priorities for 2006.

24 Jeff Hunts, who supervises the program is going to
25 take over and discuss some of our regulations and some of

1 our histories.

2 ELECTRONIC WASTE RECYCLING SECTION

3 SUPERVISOR HUNTS: Good morning, Chair, Board members,
4 Senator.

5 This is a good segue, talking about the money.
6 Pretty much all of our rules, except for those that
7 address manufacturer reporting requirements have to do
8 with the money and protecting the money in the system,
9 getting the money out to participants, fulfilling the
10 objectives of the Act, but doing so in a responsible
11 fashion.

12 SB 20, which was enacted in October 2003, allowed
13 the Board to adopt emergency regulations based on the time
14 frames involved. The Board adopted and had approved regs
15 in April of 2004. But before we could even start the
16 program again, SB 50 came along and changed a few things.
17 We revised emergency regulations in November of 2004, with
18 the program start date fees being paid and payments going
19 out, January of 2005.

20 Based on our first year of experience, we've
21 revised the emergency regulations in November of 2005 to
22 allow for, what we call, source anonymous material, to be
23 accommodated in the system and some other refinements.
24 And then spent pretty much all of 2006 in the permanent
25 rulemaking, which was adopted by the Board in July of

1 2006, and then finally approved by the Office of
2 Administrative Law in late November.

3 The Board then held the workshop, a training
4 workshop for participants, on November 30th, to overview
5 the provisions of the new regs and produce implementation
6 matters.

7 --o0o--

8 ELECTRONIC WASTE RECYCLING SECTION

9 SUPERVISOR HUNTS: Now, I'm not going to go into all the
10 details of what's in the final regs package. Some key
11 things, though, were new and revised definitions,
12 clarifying what a "California source" was. We all know
13 there was a lot of discussion last year about what is the
14 California source and what's the purpose of defining that?

15 I mentioned source anonymous materials. It's a
16 reality that there are covered electronic waste out there
17 that are mismanaged, that should be paid for to send their
18 diversion from the waste stream. We've actually expanded
19 the opportunities for that material to come into the
20 program.

21 Several other items; the last bullet up there.
22 We've allowed or provided for the Board to suspend
23 participation of the program. Before, we really just had
24 the ability to revoke somebody's approval, and that was a
25 rather draconian approach. We know that there is -- there

1 are mistakes made by participants. And that can range
2 from willful negligence to simply incompetence.

3 We need all the tools, at our disposal, possible,
4 to help people learn how to do this right.

5 --o0o--

6 ELECTRONIC WASTE RECYCLING SECTION

7 SUPERVISOR HUNTS: Enhanced documentation requirements are
8 contained in the final regulations. And one other key
9 aspect in the glass shipment, the CRT glass shipment.
10 Once they covered electronic waste, the CRT-based
11 electronic waste is dismantled. The most troublesome
12 component of that residual is the CRT glass. And we want
13 to make sure that when the Board is making payments to our
14 recyclers, that they've done their complete job, and that
15 glass has gone to an appropriate market.

16 --o0o--

17 ELECTRONIC WASTE RECYCLING SECTION

18 SUPERVISOR HUNTS: We've reported in the past about some
19 of the backlog that we faced, simply because of the growth
20 of the program and staffing. I'm happy to report that our
21 staffing is pretty much at its full complement, based on
22 what we have been allocated. I think we're only down two
23 vacancies right now, one because we were considering
24 whether to reclassify that particular position, and a
25 recent departure of one staff.

1 But having this full complement, including two
2 recycled annuitants who have been --

3 (Laughter.)

4 ELECTRONIC WASTE RECYCLING SECTION

5 SUPERVISOR HUNTS: Recycled annuitants. They're
6 good-natured and take a lot of abuse from us.

7 Our valued retired annuitants, we have been able
8 to make a sizable dent in the backlog of payment claims.
9 It was up at some point over the last year, of \$15 million
10 in claims, under review and waiting to be reviewed.
11 That's down to a little bit over 5 million. And every
12 month, though, more will come in.

13 Total time to process a payment claim is about a
14 month, remains about a month. An average payment claim,
15 over the last year for 2006, program received over 260
16 payment claims. Each of those average over \$200,000
17 apiece. It's obvious why we need to spend an appropriate
18 amount of time evaluating these documents.

19 Program staff are often evaluating multiple claims
20 at once. Our veteran claimants, the participants in the
21 system, their claim packages are getting better all the
22 time, though. We need to stay on them so that they don't
23 slip. And we spend a lot of time with our -- what we call
24 the rookie claimants, the first-timers, holding their
25 hands, helping them comply with all provisions of the law

1 and getting them on Board.

2 Catching up has now allowed us to turn our
3 attention to other pressing matters, other provisions of
4 the Act. And one of those is net cost reports, or rather,
5 the net cost reports support one of the Board's
6 responsibilities in this Act, which is to establish the
7 payment rate, and also to establish what the fees should
8 be charged on, to consumers, in order to have sufficient
9 revenue in the program.

10 One of the tools is the net cost report. The
11 reports are due annually March 1st. As Shirley mentioned
12 last year we did Web-based training for our participants.
13 This year we will also do Web based training in January
14 and early February.

15 We retained a contractor, Humboldt State
16 University, who's working with R.W. Beck, to evaluate last
17 year's reports, which are a variety of quality that came
18 in.

19 The purpose of the contract is to better
20 understand and guide -- better understand why we get the
21 information we do, how we can help our participants report
22 to us, self-report their cost data in a manner that's more
23 useful to us. We don't kid ourselves that self-reported
24 cost data is the be-all end-all. We know that we need to
25 get that information on our own. This is simply a

1 starting place.

2 What we've learned from the evaluation of last
3 year's report, like I said, will guide us in the
4 preparation of this year's guidance document. That
5 effort, the evaluation effort will result in a report that
6 is not yet available. It has very interesting statistics
7 in it that compare reported costs with the payment rates
8 that are currently available in the system. We will be
9 bringing that information back to the Board soon.

10 --o0o--

11 ELECTRONIC WASTE RECYCLING SECTION

12 SUPERVISOR HUNTS: Something that's often overlooked in
13 the Act, because of the focus on the payment system, is
14 the fact that there are a few manufacturer
15 responsibilities under the provisions of the Act.

16 Manufacturers must notify retailers annually of
17 the products that are covered by the fee. They must --
18 manufacturers must provide consumers with information on
19 the proper management of covered electronic waste, when
20 and where, and how to properly recycle it.

21 And manufacturers must report to the Board
22 annually on the total number of devices sold, the toxic
23 components of those devices, an estimate of recycled
24 content contained in the devices, what measures are being
25 taken to design for recycling, and a list of the retailers

1 to whom they have notified. And that information actually
2 has come in very useful in cooperation and coordination
3 with the Board of Equalization, so they know who to go
4 after for the remitted fees.

5 DTSC is responsible for some of the -- a couple of
6 the provisions that apply to manufacturers. This last
7 December, the Department of Toxic Substances Control
8 adopted, on an emergency basis, regulations to implement
9 the reduction of hazardous substances provisions of the
10 Act, bringing into alignment the restrictions on the sale
11 of devices in California, in alignment with European Union
12 rules.

13 --o0o--

14 ELECTRONIC WASTE RECYCLING SECTION

15 SUPERVISOR HUNTS: In the public education and outreach,
16 moving on; I believe this was reported to the Board, to a
17 degree, at the last Board meeting, where the program is in
18 the midst of its two-year statewide campaign to enlighten
19 consumers about the importance of proper waste management.

20 The primary strategy in reaching consumers is
21 through the retailers, because that is often the first
22 place that they become aware that there is a program
23 associated with e-waste, when they see a fee on their
24 receipt, as well as working through earned media. That's
25 securing articles and interviews as opposed to paying for

1 advertisement.

2 Erecycle.org, a Web site, a Web portal established
3 by the Board several years ago to provide California
4 consumers with information about where to properly reuse
5 or recycle a full range of electronic waste is the primary
6 product of this outreach. It is being branded as the
7 preferred source of how-to information available on the
8 Web. And Ogilvy Public Relations is the prime contractor
9 helping with that.

10 As Board members know, and they have participated
11 in some of our outreach efforts -- thank you very much --
12 we have had some press events and press opportunities in
13 Sacramento and in Fresno, late last year. And we've got
14 an upcoming event in Los Angeles, later in January. And
15 perhaps the San Diego event scheduled for February.

16 PSAs, public service announcements, that were
17 developed several years ago are still getting very good
18 air play, both on radio and televisions. And working with
19 Office of Public Affairs, we're getting radio interviews,
20 TV interviews, and good media coverage in newspapers.

21 The outreach effort is based on partnerships,
22 partnerships with retailers, with manufacturers, with
23 local governments, with other interested parties, and
24 we've established what we call advisory groups or
25 subgroups of these partners to guide the outreach efforts,

1 make sure that we are reaching the consumers in a sensible
2 fashion.

3 --o0o--

4 ELECTRONIC WASTE RECYCLING SECTION

5 SUPERVISOR HUNTS: And this is just an image of the
6 recycle.org portal where consumers can go and search by
7 county for a range of electronic discards and find an
8 opportunity near them.

9 --o0o--

10 ELECTRONIC WASTE RECYCLING SECTION

11 SUPERVISOR HUNTS: Looking ahead, as I mentioned, net cost
12 reports are due March 1st. Web-based training is coming
13 up.

14 And as I also mentioned, the information we get
15 from the net cost reports will be coloring -- the Board's
16 responsibility or informing the Board's responsibility on
17 setting the payment rate, of both the recovery and
18 recycling payment rate.

19 The information that we get from this year's
20 report as well as information we glean from last year's
21 report will be brought back to the Board, perhaps, in
22 June, for further discussion.

23 Shirley mentioned that DVD players will be coming
24 in. That was part of a regulation passed in December, by
25 DTSC. That takes effect in July of 2007.

1 We've also been discussing with the Department of
2 Finance, their audit services. You know, we want to get
3 out on both a regular and random basis and take a look at
4 our participants as well as take a closer look at areas of
5 interest, to find out why costs are reported certain ways,
6 to help us standardize the data that we receive in the
7 system. And as Shirley has mentioned, our mantra for this
8 year is the integrity of the program, and the fiscal
9 responsibility that the Board has in operating this
10 program, audits, and cost tracking or a foundation for
11 compliance enforcement and fraud minimization.

12 And while we all celebrated the permit rules that
13 were approved last year, we know that with a revolving
14 program, with revolving technologies, we will need
15 revolving rules to govern our program.

16 So while we -- now that we are in a new year,
17 now's the time to start making a list of what we can do
18 better and how we can do it better. The program is very
19 open to being more efficient, being innovative. We've
20 committed to the Board. We've committed to our
21 stakeholders that we are looking for how we can do things
22 better, balancing ease of use with protecting the
23 integrity of the program.

24 With that, thank you. I would be happy to answer
25 any questions.

1 CHAIRPERSON PETERSEN: Questions or comments?

2 MEMBER BROWN: I have a couple.

3 Thank you both very much.

4 Actually, first, I think this is probably just
5 clarification, since I wanted to make sure that I
6 understand. The net policy reports come from the
7 recyclers; correct?

8 ELECTRONIC WASTE RECYCLING SECTION

9 SUPERVISOR HUNTS: The net cost reports?

10 MEMBER BROWN: Only the recyclers, not the
11 collectors? Or do they each do one?

12 ELECTRONIC WASTE RECYCLING SECTION

13 SUPERVISOR HUNTS: They come from -- well, all approved
14 participants in the system are required to submit a net
15 cost report. All of our recyclers are also collectors.
16 We require them to submit a report -- well, one report
17 that reports on both of their costs: Their cost when they
18 are operating under their responsibilities and their cost
19 as a recycler.

20 MEMBER BROWN: And that's a standardized form so
21 they are all reporting the same kind of information in the
22 same format? Sorry.

23 ELECTRONIC WASTE RECYCLING SECTION

24 SUPERVISOR HUNTS: Absolutely.

25 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

1 WILLD-WAGNER: Any kind of --

2 MEMBER BROWN: I've learned not to just assume
3 anything.

4 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

5 WILLD-WAGNER: It's a good question, because the format
6 would need to actually be in regulation if it was to be
7 required as such, as a form. We've provided a form as a
8 sample. And the regulations say that this information
9 shall be submitted.

10 So we've used our contractor, R.W. Beck, to help
11 come up with those forms, develop those forms, and develop
12 a tool on our Web site that tells -- this is an
13 instruction. It's a manual how to best present the
14 information.

15 MEMBER BROWN: Okay.

16 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

17 WILLD-WAGNER: Self-reported costs, as Jeff said, we are
18 not certain that we are getting everything reported
19 completely consistently.

20 MEMBER BROWN: Sure. But at least, if we have --
21 our greatest attempts are being made to get the same
22 information in the same format, but it's better utilized,
23 or we can actually utilize it better for a future analysis
24 and recommendation.

25 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

1 WILLD-WAGNER: And I don't really think we got any net
2 cost reports that were not on the format that we provided.
3 But the form itself is not required.

4 MEMBER BROWN: It makes it easier. But that's on
5 the list of new regulations? There's a con on that.
6 Never mind. Let me go back to HHW. Forget that.

7 My other question is, on the manufacturers'
8 responsibilities for reporting, because I haven't,
9 admittedly, read the entire bill or the statutory
10 authority on this, what outreach are you guys doing to the
11 manufacturers who are responsible to report in July? And
12 then you can probably add on, what are the ramifications
13 if they just don't respond? And what's the timeframe? So
14 give me the whole manufacturers' responsibility and
15 reporting structure.

16 ELECTRONIC WASTE RECYCLING SECTION

17 SUPERVISOR HUNTS: Let's start with your first question of
18 outreach.

19 As we know that manufacturers exist, we're working
20 through the manufacturers' associations, such as the
21 electronics equipment -- the Association of Electronic
22 Industries, IEA --

23 MEMBER BROWN: EIA [sic].

24 ELECTRONIC WASTE RECYCLING SECTION

25 SUPERVISOR HUNTS: EIA, one of those acronyms.

1 We -- we -- I have been able to secure a list of
2 who our probable, OEMs, original equipment manufacturers,
3 for covered electronic devices. And through that, that we
4 are able to outreach to them.

5 As Shirley mentioned, as part of her presentation,
6 there are -- there's a national dialogue going on. And
7 there's other states that are taking approaches for
8 addressing e-waste. And through those efforts, we are
9 able to cooperate with them, because many of those other
10 models place a higher degree of responsibility on
11 manufacturers. So manufacturers actually have to register
12 with the state in order to sell devices in that state. So
13 we have been able to secure lists of manufacturers.

14 It's an ongoing effort, simply because as
15 technologies evolve, there are more and more flat panel
16 manufacturers out there. So keeping up with that is a
17 challenge. It's an ongoing effort.

18 We have sent out courtesy messages, letting people
19 know, this is when you -- you are required to report. The
20 annual report is due to the Board on July 1st.

21 Failure to comply, on the part of manufacturers,
22 theoretically, it's a -- it's kind of a back end to sort
23 of a rule. If you are not in compliance, you may not sell
24 in California, or be -- or be fined.

25 MEMBER BROWN: Okay. So is there fine structure

1 regulations that are in statute?

2 ELECTRONIC WASTE RECYCLING SECTION

3 SUPERVISOR HUNTS: In statute, there is a fine structure,
4 yes.

5 MEMBER BROWN: And does it prohibit manufacturers
6 from selling devices in the state of California or to the
7 state of California?

8 ELECTRONIC WASTE RECYCLING SECTION

9 SUPERVISOR HUNTS: Offered for sale in the state of
10 California.

11 MEMBER BROWN: Okay.

12 ELECTRONIC WASTE RECYCLING SECTION

13 SUPERVISOR HUNTS: Or rather, to a consumer in the state
14 of California. But not specifically to the State of
15 California government.

16 MEMBER BROWN: Right. Okay.

17 So in our outreach with all these various lists,
18 are we also working through the Retailers Association, who
19 sell these devices, and probably enjoy the option of being
20 able to sell a wide variety, that they are also contacting
21 the manufacturers that they purchase their equipment from,
22 encouraging them to make sure that they are in compliance
23 with the law?

24 Because the retailers seem like they are the
25 closest ones to actually implementation of this law, next

1 to the recyclers and collectors. They are the ones that
2 are selling, and they have actually stepped up in a big
3 way, as we have gone throughout the state, to publicize
4 this. You know, we've got several large big box retailers
5 that have stepped up -- Best Buy, I think; Wal-Mart, huge.
6 They are providing the educational information to the
7 consumer, and we're helping to assist in educating their
8 employees on how to explain what the fee is.

9 But I would think that they would have a vested
10 interest in making sure that, you know, HP and Compaq and
11 Sony and everybody complies with the regulations, so that
12 they can continue to sell their products. Because it
13 actually will affect the retailers as well.

14 ELECTRONIC WASTE RECYCLING SECTION
15 SUPERVISOR HUNTS: Absolutely.

16 The fact of the matter is, most retailers, most
17 brick and mortar-type retailers are selling well-branded
18 products -- the Sonys, the HPs, the Dells, Samsung. Those
19 aren't the types of manufacturers that we feel around the
20 edge, that we may not know about or may be skirting the
21 requirements of the law. Those manufacturers are often
22 selling through Internet or catalog and, you know, are
23 more virtual than tangible in the outreach.

24 Manufacturers have a requirement, as I mentioned,
25 to notify retailers themselves about what products are

1 covered. I don't know that we --

2 ELECTRONIC WASTE RECYCLING BRANCH MANAGER

3 WILLD-WAGNER: There's no corollary requirement upon the
4 retailers to work with. But you're right, they are the
5 ones that are kind of holding the bag, as far as they are
6 not allowed to sell devices that are not in compliance.

7 One other thing, I will just mention on the
8 reporting requirements, is that the law does allow for
9 collective reporting by a -- a conglomeration of
10 manufacturers. And most of the reports that we received
11 have been from this Electronic Industries Association,
12 where they collectively report the sales and the toxic
13 material, hazardous materials, those two things, because
14 they are considered -- they want to protect their sales
15 numbers.

16 Those generally are reported collectively,
17 although we did have several others reported individually.
18 And the summary of the original -- the initial
19 manufacturer reports is up on our Web site, just giving
20 you a summary of the total amount of sales, the amount of
21 toxic materials that are in the devices, and those other
22 issues that Jeff reported on.

23 FORMER SENATOR CHESBRO: Mr. Chair?

24 CHAIRPERSON PETERSEN: Yes, Senator?

25 FORMER SENATOR CHESBRO: I have a most basic

1 question. So very brief answer and then -- because I'm
2 sure this is something that the other members, having
3 followed more closely in the last few years, would know
4 the answer to it.

5 I think we all know that collection is not
6 recycling. And so what I haven't heard a lot about here
7 is -- because the law is intended both to assist with
8 either recycling, I believe, or environmentally
9 responsible disposal. But I think with our waste --
10 overall waste hierarchy, obviously a reduction of waste
11 going to any kind of disposal is the priority.

12 I'm interested in to what degree we have the
13 resources or the program is focusing on the next step,
14 after the materials have been collected, and trying to
15 make sure that materials in these devices are moving
16 towards a recycling or reuse mode.

17 A very brief answer.

18 ELECTRONIC WASTE RECYCLING SECTION

19 SUPERVISOR HUNTS: Fantastic question. As Shirley and I
20 were listening to the tire item prior to this, we were --
21 which is so much focused on market development and
22 ensuring that there is a market for these devices, the Act
23 itself really doesn't provide much in the way of guidance
24 or mandate around how the resulting products from the
25 recovery of these materials find an appropriate end use.

1 It's going to be a long briefing.

2 FORMER SENATOR CHESBRO: Okay. I don't want to
3 have a conversation about it. Obviously, preventing an
4 inappropriate disposal is extremely important.

5 So I'm not dismissing the importance of your
6 program, but I also think that given our broad mandate,
7 that I'm very interested in the additional steps.

8 ELECTRONIC WASTE RECYCLING SECTION

9 SUPERVISOR HUNTS: As Shirley mentioned, covered
10 electronic waste is hazardous waste, low level hazardous
11 waste regulated as a universal waste. And the material
12 itself is regulated by the Department of Toxic Substances
13 Control.

14 The Waste Board is charged with the payment system
15 for the recovery and processing of that material. But one
16 of the steps in processing, we call it, is cancellation.
17 It's to take that device and break it down into its
18 component parts, commiditize [sic] it to the degree that
19 it can't come back -- turn back through the system for
20 multiple payments. Cancellation results in a variety of
21 residual streams, all of which -- say, for perhaps,
22 treated wood from an old console television have a
23 positive market value.

24 So -- well, let me rephrase that. CRT glass, if
25 it's been officiated to a high enough level, has a

1 positive market value. We're working with the
2 stakeholders. We're working with the evolution of
3 technologies in the future, and DTSC very closely to
4 ensure --

5 FORMER SENATOR CHESBRO: We'll have time for you
6 to go into more a personal briefing. I didn't mean to
7 take up a lot of time.

8 ELECTRONIC WASTE RECYCLING SECTION

9 SUPERVISOR HUNTS: It's a fascinating interface.

10 CHAIRPERSON PETERSEN: I have one question: In
11 the evaluations, when you look to the markets, where I see
12 probably one of the holes that might appear, in maybe 18
13 months to 2 years, is the glass itself, and the
14 leaded-coated glass. Are we on that?

15 ELECTRONIC WASTE RECYCLING SECTION

16 SUPERVISOR HUNTS: In our research and development
17 department?

18 CHAIRPERSON PETERSEN: Yeah, your research and
19 development department.

20 ELECTRONIC WASTE RECYCLING SECTION

21 SUPERVISOR HUNTS: We're mindful that --

22 CHAIRPERSON PETERSEN: On the what, the
23 28th floor?

24 (Laughter.)

25 ELECTRONIC WASTE RECYCLING SECTION

1 SUPERVISOR HUNTS: Yeah, we're very mindful of the fact
2 that CRT technology is dated, that while it -- and
3 clearly, the market for CRT devices in the developed
4 world, in the United States, in particular, has flipped
5 from -- now it's flat panel displays that outsell CRT
6 devices.

7 So the opportunity for glass-to-glass CRT
8 recycling, which is clearly preferred, has a limited
9 horizon. Whether there's 18 months or 5 years, it's hard
10 to say. We're absolutely monitoring it and talking to
11 those who have a crystal ball.

12 CHAIRPERSON PETERSEN: Good. Okay. Good enough
13 answer.

14 All right. Any other questions or comments?

15 I have a speaker. Mr. Murray.

16 MR. MURRAY: Thank you, Mr. Chairman. Mark Murray
17 with Californians Against Waste.

18 I first want to welcome back Senator Chesbro to
19 the Integrated Waste Management Board. Already have
20 appreciated your insightful questions on this particular
21 issue.

22 I wanted to just -- again, I want to compliment
23 the staff on their work in terms of the nuts and bolts of
24 this program, on what has been a very short learning
25 curve. And I really want to just kind of extract some of

1 what I think -- I know we've been very focused on the nuts
2 and bolts and the fiduciary responsibility of the Board.

3 But in my mind, the primary objective is actually
4 getting this stuff recycled. And I really want to
5 highlight what a phenomenal job we're doing, in such a
6 short time, despite the fact that much of the public
7 education program has been invisible to the public thus
8 far, at least until maybe the last several months. So I
9 think we still got a lot of work to do in terms of that
10 public education.

11 But you know, looking at the numbers, based on the
12 projections for where we think we're going to be at the
13 end of this year, we've basically doubled the volume of
14 devices -- or at least pounds of devices that have gotten
15 recycled. We are looking, very roughly, at about a third
16 of the devices, when you look at how many devices pay the
17 fee versus how many -- at the front end, being sold, and
18 how many devices did we pay a payment on in terms of
19 getting recycled. We're at about a third, which means
20 that we've actually gone from less than 10 percent to
21 surpassing the recycling rate for fluorescent lamps, which
22 was the only e-waste that had any kind of recycling
23 infrastructure.

24 So we've done really a phenomenal job in terms of
25 moving very quickly. As I look at the numbers, that we've

1 got here, I think that, you know -- I think that I see
2 another press opportunity here in terms of really talking
3 about this milestone. I think it's important to show that
4 when you focus resources and assign a shared
5 responsibility between manufacturers, retailers,
6 consumers, and recyclers, that we can actually move the
7 ball from a crappy recycling rate to getting in the
8 reasonable territory.

9 And I point out that the recycling rate for
10 plastic beverage containers under the near 20-year-old
11 Bottle Bill Program is 39 percent. And if we're already,
12 in such a short time, pretty close to -- with a fairly
13 challenging-to-recycle material, and we're not paying the
14 consumer a bounty, that's a pretty damn good improvement
15 thus far.

16 So I think we should be complimenting the partners
17 on that. We should be talking about this milestone, and
18 kind of extracting some of the juicy bits out of this
19 report.

20 As I look at this report, though, one of the other
21 things that's revealing, which is a lot different than our
22 conversation a year ago, and that has to do with, really,
23 the state of fund for the fiscal year. And we are seeing
24 a convergence of that pay-in and pay-out. And I think
25 that it's important that we kind of keep an eye on that.

1 And with that in mind, I wanted to just update you
2 on some of your work in the Legislature. We're going back
3 to the Legislature. Now in that we have an even more
4 mature program, a clearer -- that this is a successful
5 program, we think that it's more important than ever to
6 move to expand this program to include the obvious
7 category of the actual CPU.

8 We've got the laptop already in the program.
9 We've got the video display division. DTSC has the
10 authority to add additional display devices, but the Waste
11 Board, DTSC did not have the authority to add the box.

12 If it's a box that's attached to the screen, like
13 it's an iMac, it's in. If it's a laptop it's in. But if
14 it's a CPU, that's separate, it's not in the program. And
15 right now, even though the -- probably the net cost of
16 recycling those devices is less than the cost of recycling
17 the CRT devices, there is still a net cost of recycling.
18 Many of our partners, many of our collectors, many of our
19 recyclers are out there because they don't want to look
20 like idiots in front of consumers, are taking this stuff
21 back. But they are subsidizing it. They are using the
22 money in this program to subsidize.

23 Seems to me that from -- the other reason I think
24 it's time to do this, is the analysis that I've seen is
25 with the Microsoft Vista. There are a number of CPUs that

1 are not going to be able to operate with this new
2 operating system, so we could be looking at a new wave of
3 obsolete devices. Seems to me that we have all the
4 arguments -- fiscal, recycling, new wave of disposal -- to
5 make a case to the Legislature or to the governor to
6 that's it's time to expand this program to include those
7 CPUs. There may be some other devices that are
8 appropriate to add, but it seems to me, that is an
9 appropriate step for us to take right now. That's
10 legislation that CIW is going to be sponsoring. We have a
11 very -- I can't say who that offer is, but we have an
12 offer to do that. But I would like to invite the
13 Integrated Waste Management Board to be a partner with us
14 in that legislation.

15 I think that the -- it's clearly -- this is your
16 program. And I think that as you look at the fiscal
17 numbers for this program, I think it's suggesting that,
18 you know, unless we're ready to go back to the
19 manufacturers and say we need to start increasing that
20 pay-in, I think that expanding the scope of the program
21 can help us to postpone that day. I think that that will
22 bring some of the manufacturers on board with this. I
23 know it will bring some of the manufacturers on board with
24 this expansion.

25 CHAIRPERSON PETERSEN: Good idea.

1 Now I have a question.

2 MR. MURRAY: Okay.

3 CHAIRPERSON PETERSEN: If the stuff is being
4 creatively manufactured for obsolescence; right? So
5 who -- does Microsoft help them write a check to help make
6 this all happen?

7 MR. MURRAY: You know, we have this level of
8 manufacturer responsibility that is old-fashioned
9 commanding, control style, producer responsibility,
10 because we weren't able to get the direct producer
11 responsibility in this legislation. But we do leave the,
12 you know, the operating system software manufacturers off
13 the hook.

14 You know, this is a challenging -- this is a
15 challenging sector of the economy to make anything.
16 Because they are -- the policymakers love this industry,
17 because it's got this history of being green and clean and
18 innovative. And policymakers aren't really excited about
19 making them do anything. But you know, again, I think
20 we've got the boilerplate of a program, and I think it's
21 just taking this success we have and expanding that
22 success. I think using the argument about the change in
23 the operating system to say, it's time to do this
24 expansion would be helpful.

25 I think that in the report that -- in the update

1 that the staff has provided, you know, it's got the
2 information there. But you have to dig a little bit and
3 do some formulas to kind of come up with the, I think,
4 tangible numbers that other policymakers, folks in the
5 Legislature would like to see, in terms of we got dollar
6 amounts. But how many devices does that represent? How
7 many devices are paying in? How many devices are we
8 paying out on? What do we think that recycling rate is?
9 What's that volume of material that we're actually
10 getting? How does this compare to what's happening in
11 other states?

12 My sense is that we're blowing away every other
13 state. But I think it's important to some extent to let
14 legislative policymakers know that they "done good" in
15 terms of passing that policy. It's a -- you know, this is
16 a pretty darn quick return in terms of from implement --
17 from concept to implementation to time for a pat on the
18 back for those that kind of made it happen. And I think
19 that there are ways of kind of extracting some of the
20 information from this report. I also don't want to make
21 assumptions about the fiscal state. But if we continue --
22 if the staff analysis is correct, with an \$18 million
23 payout for the fourth quarter, and the pay-in is going to
24 stay the same, at about \$77 million for the year, we're
25 paying out, to collectors and recyclers, almost exactly as

1 much as we're paying in. That's not covering the
2 wonderful work that the Board of Equalization is doing for
3 us as well as your costs and DTSC's costs.

4 So I think it's -- you know, having that analysis
5 I think would be very helpful, because there was a
6 perception out there last year -- the perception from
7 folks that oppose the expansion and legislation was that
8 this program had way too much money. And you know,
9 doesn't seem to me that that's the case. And I think that
10 it would be helpful to clarify that point. We don't have
11 a lot of money because we're doing a damn good job of
12 getting this stuff returned for recycling.

13 CHAIRPERSON PETERSEN: Okay. You're right.

14 MR. MURRAY: That's my thoughts.

15 CHAIRPERSON PETERSEN: Your two cents are worth a
16 lot, I'll tell you.

17 MEMBER BROWN: I have a question for Mark. And
18 it's probably a crystal ball question more than anything.

19 And I know -- I wasn't in on the discussions of
20 the original legislation. And I don't know whether we've
21 made any headway. But do you see any headway in what we
22 call the recyclability of the computers and seeing
23 manufacturers step up and smarter design of the computer
24 so they can actually participate, disassemble, and reuse
25 part of the computers?

1 MR. MURRAY: I think that we've tried -- there was
2 very much discussion of that. And there continues to be
3 the advancement of the theory of producer responsibility
4 and the benefit of direct producer responsibility and how
5 that would solve that problem.

6 And I say "a theory" because frankly, the primary
7 industry proponent of that recycles the devices by
8 crushing them all up and shipping them to a smelter in
9 Canada. So I'm not sure that it matters whether they
10 design for recycling or not, because they are going to go
11 through the same crushing system no matter what.

12 We've tried to tap into this with this kind of
13 direct -- asking them the question in these annual
14 reports. You know, is that going to change behavior? I'm
15 not sure it's really going to do that. It's forcing them,
16 at least, to answer the question in a public forum, so at
17 least we force them to think about it.

18 But I do see the manufacturers focused on greening
19 their computers, but it mostly seems to be in the area of
20 reducing the toxins in those devices, which is, at the end
21 of the day, we're still seeing a third of these devices go
22 to landfill, that's pretty important.

23 And part of this issue is that because we're not
24 talking about bottles and cans. We're not talking about
25 the difference -- the incremental difference between a PT

1 soft drink bottle and a PVC soft drink bottle and where a
2 fraction of a cent difference in the cost of recycling
3 might motivate a manufacturer to go one way or another.

4 I'm not sure, at the end of the day the difference
5 between recycling the very recyclable Dell recycle
6 computer versus the HP less-recyclable computer is
7 actually going to have a measurable difference in the cost
8 of the product. And it's not really -- when the consumer
9 is buying that device, I'm not sure that that's one of the
10 features they are going to be focused on.

11 So I think we're going to have to rely on the
12 manufacturers wanting to have a green image. I'm not sure
13 that there are tools we can use, other than scrutinizing
14 these reports, making the public, as provided in the
15 statute, following up with folks. If there seems to be a
16 discernible difference between one manufacturer and
17 another in terms of recyclability, but I'm not sure that
18 there is a clear path there.

19 Sorry for the long answer.

20 MEMBER BROWN: No, it's good.

21 CHAIRPERSON PETERSEN: Good answer.

22 Anything else?

23 Thank you, Mark.

24 MR. MURRAY: Thanks.

25 CHAIRPERSON PETERSEN: Okay. It's a quarter to

1 1:00. How's everybody doing? Is it the pleasure of the
2 meeting to keep going?

3 Okay. John?

4 DEPUTY DIRECTOR SMITH: Item J, Item No. 16,
5 Update on Environmentally Preferable Purchasing Task Force
6 Activities and Accomplishments for Year 2006. Kathy
7 Frevert of our staff will be the presenter.

8 MS. FREVERT: Good morning. Yeah -- I have a
9 presentation.

10 --o0o--

11 MS. FREVERT: Good Morning, Board Members, and
12 welcome, Senator Chesbro. Good to see you. I'm Kathy
13 Frevert, senior integrated waste management specialist in
14 the Waste Prevention and Market Development Division.

15 And about a year ago, we provided an update to the
16 Board about our efforts to work with the Department of
17 General Services and about 100 state scientists and state
18 specialists to create an EPP, which stands for
19 Environmentally Preferable Purchasing Best Practices
20 Manual.

21 And today, I'm here to give you an update on that
22 activity and other activities of the EPP Task Force.

23 So I'm going to be covering --

24 --o0o--

25 MS. FREVERT: -- highlights over the years. And

1 that will help explain the time it takes to implement some
2 of the activities. Then I will go over some of the
3 details of the 2006 activities, what we need to improve
4 upon, and goals for 2007.

5 --o0o--

6 MS. FREVERT: A fundamental part of EPP is
7 balancing the environmental cost -- the environment with
8 price and performance. That's what gives us best value.
9 And we do have a formal definition which I'm not going to
10 go into --

11 --o0o--

12 MS. FREVERT: Here we go.

13 And I just want to emphasize the point that EPP is
14 broader than just recycled content. It includes energy
15 and water efficiency, reduced toxicity and air emissions.
16 So that's something to keep in mind as we talk about it.

17 --o0o--

18 MS. FREVERT: I'm having mouse troubles here.

19 Well, anyhow, regarding highlights -- there we go.

20 The -- for highlights, I'm going to start with
21 2002. But I just want to acknowledge that before 2002, we
22 did have some EPP activities. One of them is that we
23 developed a cutting edge furniture specification for the
24 modular furniture you see in new office buildings. We
25 also have a project with green seal as several

1 deliverables. 2002 is a highlight, because that's when
2 the EPP law was established.

3 And if you look at the last two bullets here,
4 that's where we got the direction to create the EPP Best
5 Practices Manual and to conduct training.

6 --o0o--

7 MS. FREVERT: In 2003, the key activity was that
8 we were able to more formally establish the task force
9 through a signing of the charter. And with that, we have
10 our cochair, Rita Hamilton, the DGS deputy director of
11 the Procurement Division; and Mark Leary, our executive
12 director.

13 And the purpose of the Task Force is to implement
14 the EPP law, and the participation from 20 or so agencies.

15 In 2004, there was a survey conducted of local
16 governments, a white paper on copier paper, and work began
17 on developing environmental standards on recycled paint
18 and carpet.

19 And in 2005, we developed an EPP brochure, which
20 may seem like a rather simple task, but it gets more
21 challenging with lots of reviewers.

22 And the Board adopted an environmental standard
23 for computers and monitors called the Electronic Product
24 Environmental Assessment Tool, or EP. This actually
25 touches on the question that was brought up on a previous

1 item, about how do we get the recyclability and some of
2 these other issues into products.

3 And I can't speak specifically. I have to look it
4 up, what EP covers. But that is a place where something
5 like that can occur. And I will touch on this a little
6 bit more, later.

7 Additionally, work started or continued on
8 incorporating environmental language into state contracts,
9 developing the EPP Best Practices Manual, and working on
10 standards for paint and carpet.

11 --o0o--

12 MS. FREVERT: In 2006 -- I just want to say -- I
13 see, it's -- somebody's controlling it. Thank you.

14 As a strategy, for the Task Force, we try to make
15 environmental products more available. We are trying to
16 educate and train thousands of purchasing officials and
17 buyers, develop policies that support EPP, track and
18 report on success, and then use partnerships to leverage
19 our resources. The end result is a process of continual
20 improvement. And so I'm going to talk about the
21 highlights and organized by our strategy.

22 So first among that is environmental standards.
23 The environmental standards define what we mean by
24 environmental product. They educate manufacturers and
25 buyers, and they can move the market.

1 We started work on these standards several years
2 ago. And this year, we're finally seeing the fruits of
3 our labor. In July 2006, a list of certified EP products
4 first became available. The carpet standard, that we had
5 worked on for years, became final. And several carpets
6 are now listed. Furthermore, a policy was developed to
7 support the purchase of these carpets, as a requirement.

8 Standards also now exist for recycled paint. The
9 products aren't quite listed, but we expect them to be
10 listed soon. And this standard makes the performance
11 standard for recycled paint the same as virgin paint.

12 --o0o--

13 MS. FREVERT: In terms of language added to
14 contracts, the stars here refer to product -- to contracts
15 that are completed. And when I say "language added," it
16 may mean that there are certain qualities like
17 post-consumer recycled content, energy water efficiency,
18 zero or low emissions, or can mean that we're making the
19 contractor tell us -- tell the buyers what's a green
20 product.

21 And an example of that is the Office Depot office
22 supplies contract, where they put together a green book.
23 So it has always recycled content products here. So it
24 makes it easy, if somebody's purchasing it, they know
25 where to look.

1 FORMER SENATOR CHESBRO: May I? Is that strictly
2 for state contractors or is that for consumers?

3 MS. FREVERT: They put it out right when our state
4 contact was coming online. But it is available to anyone.
5 You go to their Web site, you can get access to it.

6 Let's see. Oh, and the other type of language
7 we're trying to get in contracts details with usage
8 reports. That's where the vender tells us how much was
9 purchased, so we have some idea of what is being
10 purchased.

11 So some of these contracts are very large, like
12 office supplies is about 110 million. And it includes
13 hundreds of products. The lamp contract, in contrast is
14 about 5.5 million, but it's a smaller number of products,
15 and all of them are dealing with an environmental product.

16 And in that way, DGS is very proud and the team is
17 proud that mercury was very much reduced. And it also
18 dealt with energy efficiency. And there's also an
19 optional take back and recycling service as part of that
20 contract.

21 --o0o--

22 MS. FREVERT: Additionally, we want to develop new
23 green products, and we have been working with the Prison
24 Industry Authority, because they manufacture products.
25 One of them being the office furniture. And they are in

1 agreement and will be building modular office furniture
2 that conforms to our environmental standards. And they
3 also have agreed to develop glass cleaner and multipurpose
4 cleaner that is a green product. And that's in the
5 process of being developed right now.

6 Additionally, the EPP Task Force participants have
7 commented on environmental standards under development by
8 other groups. And that includes green seal, carpet, and
9 Rug Institute and others.

10 So moving along with our best practices --

11 --o0o--

12 MS. FREVERT: -- we had a kickoff of our Web site,
13 and that's something we talked about earlier this year.

14 One thing that is really important -- an important
15 feature of the Best Practices Manual is that it presents
16 information at two levels: One level is just a quick
17 snapshot and the other is in-depth for specification
18 writers to use as a research tool.

19 And I would also like to acknowledge Kimya Lambert
20 who is on our staff and who has been the lead person for
21 this. She has worked very diligently and has stayed very
22 focused to get it done. We do have a few chapters that
23 aren't online, but we are anticipating they will be
24 shortly.

25 And we are also looking to add additional

1 sections.

2 --o0o--

3 MS. FREVERT: We focused on training this year.

4 And one highlight is that we incorporated EPP into the DGS

5 Academy that they have, for training purchasing officials.

6 And this means that the training will be -- it's

7 institutionalized and it's ongoing. It's only 15 minutes,

8 so it's not a -- it's something -- we need more than just

9 the 15 minutes to get in this training, but at least

10 everyone will be getting an introduction to EPP.

11 You can see a number of people here that are

12 trained. And the training is done by Board staff and DGS

13 staff, and we just started using an evaluation form to see

14 how effective our training is. And on a five-point scale,

15 with five as excellent, we were a hair over four.

16 --o0o--

17 MS. FREVERT: DGS did implement a couple policies

18 this year, which were something we worked on for quite a

19 while, so that was great to see. One deals with paper and

20 the other deals with carpet. And one suggestion we've

21 heard is to make these changes part of the State

22 Administrative Manual. Changes to SAM have to go through

23 a regulatory process, but the resulting policy is more

24 lasting.

25 --o0o--

1 MS. FREVERT: Tracking and reporting presents some
2 challenges to us, because we do not have a centralized
3 automated tracking of state purchases. And essentially,
4 it makes it impractical to track state purchases, as a
5 whole, for the state.

6 So as mentioned, we're adding language to
7 contractor -- to contracts, so that vendors have to tell
8 us about what's being purchased.

9 And in the future, the state should have an
10 electronic procurement system of automated tracking. And
11 so we submitted data fields that they could put into that
12 system. So hopefully, in the future, we will eventually
13 get automated tracking.

14 --o0o--

15 MS. FREVERT: And finally, we want to advance EPP
16 partnerships and leverage our resources. And we have a
17 new online list of EP products. And it seems like a
18 simple thing, but it takes a lot of effort to create it.
19 And that came as a request by Alameda County Waste
20 Management Authority. And they actually created the first
21 draft. But they couldn't finish it because they didn't
22 have access to all the information. So that was a
23 partnership activity.

24 Now we're moving on to what can we do to improve?
25 And here are some things that come to mind. We do need to

1 continue training. And I think we have scratched the
2 surface. We have a good start, but we've got to keep that
3 up.

4 So far we've focused mainly on commodity
5 contracts. And there are service agreements -- you know,
6 the state purchases services too. And we just recently
7 have started commenting on a master services agreement for
8 u-waste and surplus furniture recycling services. So
9 that's an example of reaching into this other area of
10 services.

11 --o0o--

12 MS. FREVERT: We also need to continue to evaluate
13 products and services. There's this question about
14 climate change and how are we going to deal with that, so
15 we're not -- it's kind of a lurking question for us.

16 And in terms of tracking and reporting, we still
17 have this challenge of what to do, given our limited
18 ability to get information. I think it's really critical
19 that we do look at what the -- sorry. I lost my train of
20 thought. I'm just going to move on.

21 And then finally we need to create lasting
22 changes.

23 Let's see. In terms of goals, these goals are
24 going to be discussed at the next EPP Task Force meeting,
25 so they are just tentative. So one is that we can

1 maintain and possibly add some new sections to the Best
2 Practices Manual. We can look at research and review of
3 standards and contracts and incorporate climate change
4 considerations as appropriate. And that's something we'll
5 have to figure out how to do.

6 One suggestion to deal with this question of
7 tracking is to create a score card to help monitor the
8 progress of contracts. We want to broaden our training
9 and outreach and broaden it -- yeah, broaden our training
10 and outreach, track purchases on selected contracts, and
11 here is one where we can check implementation and use
12 template language so that it gets incorporated more
13 readily into contracts.

14 And then finally, we have an item here about
15 incorporate policies into the State Administrative Manual,
16 if that regulatory process is engaged.

17 --o0o--

18 MS. FREVERT: So as you can see, we've had a
19 productive year, and things are moving along well.

20 And I would like to recognize our partners in this
21 venture at DGS. In particular, Rita Hamilton, a deputy
22 director of the Procurement Division, and Dan Burgoyne,
23 who is the DGS sustainability manager. They have helped
24 our team get over a few hurdles and have demonstrated
25 leadership; and to all the EPP Task Force participants.

1 There's too many to mention, but they have regularly
2 attended meetings. They have commented on documents when
3 they are asked, sometimes on very short notice. They
4 provided information. And they seem to have never ending
5 enthusiasm. And so they have earned our thanks, and they
6 are all helping to keep EPP on a path of continual
7 improvement.

8 So that's it. And are there any questions?

9 CHAIRPERSON PETERSEN: That's a lot of stuff.

10 Any comments or questions?

11 MEMBER BROWN: Great job.

12 CHAIRPERSON PETERSEN: Great job.

13 MEMBER MULÉ: Great job, Kathy. Great job.

14 I just want to say, you know, we have a saying in
15 the recycling world that you are not recycling until you
16 buy recycled or buy environmentally. And we're really
17 trying -- you know, this whole effort is trying to get the
18 State to go in that direction. And I'm sure it's like
19 pushing a boulder forward, but I just want to thank you
20 and Kim and everybody else; Mark, as well, for your
21 involvement in this. Because I know, it is a daunting
22 task. But it needs to have that focus. And so thank you
23 for all your work. Appreciate it. We're making some
24 progress.

25 CHAIRPERSON PETERSEN: I just have one quick

1 question: How did you get the Prison Industries to pony
2 up to the bar here? How did you do that?

3 MS. FREVERT: Well, regarding furniture they
4 actually participated in 2001, 2002. They agreed -- with
5 pressure from the Secretary of State Consumer Services
6 Agency. They kind of prodded them.

7 CHAIRPERSON PETERSEN: We got to get them -- we
8 contacted them about regular old furniture and that wasn't
9 a very good idea.

10 MS. FREVERT: And with cleaning products too, they
11 have come on board on that. So you know --

12 CHAIRPERSON PETERSEN: Okay. Well, thank you, for
13 all your stuff you are doing. Just keep going. We got to
14 keep going.

15 MEMBER BROWN: I think Gary wants you to work with
16 him this year on sustainable building of the furniture
17 that they build, because they don't build sustainably and
18 they also don't have any recycled content fabric available
19 any more. Just FYI.

20 CHAIRPERSON PETERSEN: So now what we have to do
21 is get the hemp that's growing in Canada and we'll use
22 that. It's great stuff.

23 MS. FREVERT: In terms of furniture, it's mainly
24 the modular furniture.

25 CHAIRPERSON PETERSEN: Okay. Thank you very much.

1 Doesn't make you itch. I had a whole board room
2 done with hemp textiles from Canada. And it was amazing.
3 You couldn't tear off a piece, roll it, and smoke it. It
4 didn't do that kind of stuff.

5 All right. So next -- here we go.

6 DEPUTY DIRECTOR SMITH: Before we move on, 15 and
7 16 are just going to be for committee only? Are either of
8 those going to go to the Board?

9 MEMBER BROWN: Those are committee only.

10 DEPUTY DIRECTOR SMITH: Okay. And after this one,
11 we can decide.

12 The last but not least of the items, Committee
13 Item K, Board Item 17, Update on the Green Procurement
14 toolbox of the Board's Green Procurement Action Plan. Our
15 lead person will be Jerry Hart with an assist from Bill
16 Orr.

17 BUY RECYCLED SUPERVISOR HART: Good afternoon,
18 Committee Members. My name is Jerry Hart. I'm the
19 supervisor of the Buy Recycled Section. And I'm here to
20 provide you with an update on our green procurement
21 toolbox. The toolbox is an integral element of our green
22 procurement action plan, which we presented to the Board
23 some months ago, during 2006. We've made some significant
24 strides in improving the tools available through the
25 toolbox, and we're here to kind of present that to you

1 today.

2 We have historically had the -- kind of two
3 products here that we've roughly considered the toolbox.
4 You are familiar with the economically -- Environmentally
5 Sound and Economically Smart Brochure, as well as what we
6 have been referring to as the minidisk. And this minidisk
7 has not only this brochure contained on it, but a
8 smattering of other tools, resources, things that will
9 help local jurisdictions as well as state agencies in the
10 private sector purchase more environmentally preferable
11 products.

12 The path that we've been on since August of 2006,
13 where the toolbox was unveiled, if you will, at CRRRA, is
14 to add more tools to the toolbox and to have a Web
15 presence. So we've been trying to add what other tools we
16 have, what other resources to the disk, as well as get the
17 disk, the Economically Smart and Environmentally Sound
18 Brochure, as well as a handle on a package -- packaging of
19 the other tools that are more easily and more directly
20 available via the Web site.

21 The toolbox includes a variety of resources that
22 address, hopefully, the needs of the local jurisdictions
23 and state agencies. Those, in part, have been identified
24 through the efforts of the EPP Task Force, that Kathy was
25 just talking about; in part, those identified by the State

1 Agency Buy Recycled Campaign; and the 15 or 20 years of
2 experience staff has, working with local jurisdictions and
3 state agencies.

4 Over that time, obviously, there's been a number
5 of tools, a great number of tools, a wide variety of
6 audiences and resources that have been primarily placed on
7 the program-specific areas of the Web site. What we've
8 tried to do here is to, again, organize and package those
9 tools as well as make them available on this disk.

10 As I mentioned, the toolbox was initially unveiled
11 at CRRA in August of 2006. Subsequent presentations were
12 made at the LEA conference in September, as well as a
13 Western Regional Pollution Prevention Network conference
14 in October in San Diego.

15 We have plans to make further presentations on the
16 toolbox at the Capitol Conference, which is in a couple of
17 weeks, January, in Napa. Then we have the Green
18 California Summit, here, in town, in March as well as the
19 California Association of School Business Officials. They
20 have a conference in April. So we're continuing to
21 improve the product as well as roll it out to -- to our
22 customers and clients.

23 So some of the improvements we've had made to the
24 disk is not only to add the additional program-specific
25 tools we have; the -- to date, the disk, as well as the

1 brochure, has focused on the priority of materials of
2 organics and C&D, tire-derived, and, one other I always
3 forget, RAC. Thank you.

4 And this kind of abbreviated index reflects that.
5 So what we've done, we've gone through the rest of our
6 material-specific areas of the Web site, our business
7 assistance tools, the Best Practices Manual, again, that
8 Kathy was talking about, some of our financial support
9 tools, green building specifications and standards, which
10 is of particular interest of our audience, when we're
11 talking to buyers and specification writers. Prior to the
12 acceptance of these EPP products, you know, they need to
13 pass snuff, and that usually means passing some standards
14 and specifications. Additionally, we've added some of the
15 tools relevant to tires and green traveling. So these are
16 some of the additional subject areas that we've added to
17 the -- to the toolbox.

18 We also mentioned adding the tools and making the
19 disk available via the Web site. We have developmental
20 pages for a Web site -- green procurement toolbox portal.
21 We're adding, again, the brochure. The tools currently on
22 the disk as well as these new tools, that we're adding to
23 the disk, and organizing them under a green procurement
24 toolbox index, if you will, table of contents. So there's
25 a listing; there's a housing of everything we consider to

1 be a tool. And either of those materials, downloadable,
2 if it's a fact sheet or a case study or a bookmark,
3 something reasonable in size, or we're providing the link
4 to that direct tool within the Web site.

5 That's pretty much it.

6 CHAIRPERSON PETERSEN: Pretty much a lot.

7 BUY RECYCLED SUPERVISOR HART: That's enough. I
8 guess -- yeah, that's really it.

9 CHAIRPERSON PETERSEN: Wow. Is there more on
10 this?

11 MR. ORR: Any questions?

12 CHAIRPERSON PETERSEN: Questions or comments?

13 Could we get a copy of this?

14 BUY RECYCLED SUPERVISOR HART: Absolutely. I
15 guess maybe the one addition is once we update the disk,
16 it will be, you know, redistributed. We'll have
17 additional copies available, as well as, then, kind of a
18 distribution of word that there is this new Web site
19 portal available. So absolutely.

20 CHAIRPERSON PETERSEN: Thank you. Thank you.

21 Thank you. Well done guys. Well done.

22 Okay. Any other questions or comments?

23 DEPUTY DIRECTOR SMITH: Is this committee only?

24 MEMBER BROWN: Yeah. And I think as we go through
25 the hiccups, this is such great information that it really

1 should be at the policy committee, because it's a
2 committee as a whole. And in order to evenly distribute
3 the information -- it's not a consideration item. So you
4 know, that's probably where it should go. But this is a
5 committee only.

6 DEPUTY DIRECTOR SMITH: Thank you.

7 CHAIRPERSON PETERSEN: Okay. I guess this
8 concludes the committee's agenda today. I want to thank
9 you all for coming. Let's have lunch.

10 (Thereupon the California Integrated Waste
11 Management Board, Sustainability and Market
12 Development Committee meeting adjourned at
13 1:12 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, KATHRYN S. KENYON, a Certified Shorthand Reporter
3 of the State of California, do hereby certify:

4 That I am a disinterested person herein; that the
5 foregoing California Integrated Waste Management Board,
6 Sustainability and Market Development Committee meeting
7 was reported in shorthand by me, Kathryn S. Kenyon, a
8 Certified Shorthand Reporter of the State of California,
9 and thereafter transcribed into typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said meeting nor in any
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand this
14 23rd day of January, 2007.

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